Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NIS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1,800	Singapore	S$4.10
Canada	C$1.00	Japan	Y400	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils 500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils 500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	$L125.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rm4.25	Thailand	Bt50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	NKr8.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,344 Wednesday September 23 1987 D 8523 A

Taiwan: The winds of change blow in social reform, Page 24

W German computer network threatened

Continued West German participation in the world's biggest academic computer network is being threatened by the imposition of high tariffs on its lines by the Bundespost.

European Academic and Research Network officials say that Bundespost plans to set "volume tariffs" on lines already leased "could put Germany out of business." Page 24

Gorbachev on holiday

A Soviet spokesman, responding to reports that Soviet leader Mr Mikhail Gorbachev has been sick with food poisoning, says Mr Gorbachev is on holiday and in excellent health. Page 2

North Sea oil find

French oil company Ste Nationale Elf-Aquitaine has struck oil near the Frigg gas field, which lies off central Norway, in what industry sources say could be a significant find.

Denmark snap election

Danish Prime Minister Mr Poul Schlueter, whose minority government kept power in the September 8 general election, says the country could soon face another snap election.

Man killed by Nato tank

A West German motorist was killed near the garrison town of Celle when he overtook two cars and hit a Belgian army tank on Nato military exercises.

Poland, US exchange

Poland and the US are to exchange ambassadors soon, marking a return to full diplomatic relations after more than four years.

Spanish heroin find

Airport police on the Balearic island of Majorca have detained an Iranian and seized 2 kg of almost pure heroin with an estimated street value of $10m.

Barbie man convicted

Christian Didier, 43, who bluffed his way into St Jospeh's prison where Nazi war criminal Klaus Barbie is being held, has been convicted of carrying illegal weapons and sentenced to a year in prison.

Soviet soldiers killed

Two Soviet soldiers who were reported missing on a mission to southern Libya died there in hostilities, Soviet Foreign Ministry said.

Kohl to visit Africa

West German Chancellor Mr Helmut Kohl will visit three African nations - Cameroon, Mozambique and Kenya - in November to discuss economic and development-related issues.

Pretoria to stay in IAEA

A Nigerian-led bid to suspend South Africa from the International Atomic Energy Agency is likely to fail, says the US. Page 4

Zimbabwe opposition

Zimbabwe's chief opposition party has been ordered to shut its offices because of alleged links to armed rebels. Page 4

Chad conflict

African heads of state have arrived in Zambia for talks today aimed at resolving the conflict between Libya and Chad. Page 4

Tamil Tigers kill seven

Gunmen of the Tamil Tigers have attacked rival militants in northern Sri Lanka with guns, grenades and mortars, killing at least seven fighters.

Hirohito 'well'

Japan's Emperor Hirohito has undergone an operation to relieve a blocked intestine, but doctors say they cannot rule out the possibility of cancer of the pancreas. Page 4

Filipino soldiers killed

Communist-led guerrillas in the Philippines are killing more soldiers after they stepped up attacks to take advantage of divisions in the military following a failed military coup. Page 4

Gold Fields spends $1bn on Newmont share spree

CONSOLIDATED GOLD Fields, UK mining finance house, went to the defence of Newmont Mining, lavishing more than $1bn on New York Stock Exchange in two hours to prevent stock in the embattled American gold and resources group falling into the hands of Mr T Boone Pickens, the Texas oilman, who is bidding for Newmont. Page 24

ICN Pharmaceuticals, Californian-based drugs company, has bought 8.3 per cent of Hoffmann La-Roche's voting shares. Page 25

WALL STREET: By 2pm the Dow Jones industrial average was up 17.13 at 2,509.95. Page 48

LONDON: Equities fought off concern over the Gulf and upward pressure on US interest rates to finish marginally higher, with the FT-SE 100 index up 1.4 at 2,336.2. Its narrower sister index, however, was off 5.5 at 1,831.8. Details, Page 42

TOKYO: Late buying of large-capitalisation stocks helped the Nikkei recover some of its big early losses to end 46.36 lower at 24,866.06. Page 48

ATHENS stock market hit a record high for the second day running, pursuing a dizzy climb that has seen share prices more than treble so far this year. Page 48

GOLD rose $1 in London to $461.25. In Zurich it also rose to $461.75 from $458.85. Page 36

DOLLAR rose in London to DM1.8205 (DM1.8150); SFr1.5075 (SFr1.5050); FFr6.0650 (FFr6.0475); and to Y144.15 (Y143.50). On Bank of England figures the dollar's exchange rate index rose from 100.9 to 101.1. Page 37

STERLING fell in London to $1.6420 ($1.6480); SFr2.4750 (SFr2.4800); and to FFr9.9575 (FFr9.9675). It was unchanged at DM2.9900, but rose to Y236.75 (Y236.50). The pound's exchange rate index fell 0.2 to 73.1. Page 37

GUINNESS, UK brewing and spirits group, was accused in a New York court of conspiring to defraud former owners of a small US drinks distribution business. Page 25

USAir and Piedmont Aviation proposed merger was placed in jeopardy by a judges' ruling in New York. Page 25

IMPERIAL Chemical Industries is to sell the basic chemicals businesses of its Stauffer Chemicals subsidiary to Rhone-Poulenc of France for a higher-than-expected $522m. Page 25

YORK International, world's largest independent refrigeration and air conditioning group, plans the purchase of several smaller US and UK controls and distribution companies. Page 25

ZIM Navigation, Israel's national shipping line, reported half-year net profits of $27.2m, a six-fold increase compared with same period last year. Page 26

SANTOS, Australian oil and gas company, reported 33 per cent rise in operating profits after tax to A$55.2m ($40.6m) Page 26

BURNS PHILIP, Australian diversified food, hardware and shipping group, said its food operation was main contributor to 45 per cent rise in annual profits. Page 26

AVIS, second largest US car rental company, said it was involved in talks on a possible sale of the company. Page 25

POSTIPANKKI, Finland's post office bank, plans to transform itself into a limited liability company comparable to other Finnish commercial banks at the beginning of next year. Page 15

ROLLS-ROYCE: foreign holdings in the British aero-engine maker have passed the 15 per cent limit meaning some foreign shareholders will have to sell out. Page 11

BARCLAYS BANK is restructuring its UK operations in a bid to win back from National Westminster Bank its position as the country's most profitable bank. Page 12

President Khamenei's rejection of Gulf ceasefire call will bring increased pressure for arms embargo

Tehran threatens to retaliate against US for ship attack

BY ANDREW GOWERS AT THE UNITED NATIONS

IRAN'S PRESIDENT, Seyed Ali Khamenei, yesterday threatened severe retaliation for Monday's American attack on an Iranian ship in the Gulf, and sharply rebuffed calls from the United Nations Security Council for a ceasefire in its war with Iraq.

The Iranian President's hardline speech and the two incidents involving the US Navy and the attack on a British merchant ship will result in increased Western pressure for a global arms embargo against Iran.

Both the US and Britain believe the difficulty of winning Security Council support for an embargo will have been significantly eased by the events of the last 36 hours in the Gulf and at the UN.

In a lengthy address to the UN General Assembly on the seventh anniversary of the start of the Gulf war, President Khamenei repeatedly denounced the US and the UN Security Council in the bitterest of terms.

Departing from his prepared text he said: "I want to draw urgent attention to the very grave and immediate danger provoked by the US Administration's latest action which is very dangerous to the whole world . . . this is a beginning for a series of events the bitter consequences of which shall not be confined to the Persian Gulf, and the US as the initiator shall bear responsibility for all ensuing events. I declare here that the US shall receive a proper response for this evil act."

Several senior foreign ministers, including Mr Eduard Shevardnadze from the Soviet Union, Mr George Shultz, the US Secretary of State, and Britain's Sir Geoffrey Howe, boycotted the speech, and the rest of the US delegation walked out during it, issuing an equally bitter protest against the Iranian leader's words.

The Reagan Administration claims Monday's incident involved an Iranian Navy vessel laying mines in the path of American ships 50 miles north-east of Bahrain. However, Mr Khamanei said this was a "pack of lies," and that the ship which came under fire, the Iran Ajr, was an Iranian merchant vessel. He said four sailors had been killed, the ship seized and the rest of the crew detained.

The Iranian President, speaking confidently in a black turban and long white robe, showed no sign of accepting UN Security Council resolution 598, passed on July 20, ordering a ceasefire, despite intense pressure to do so from both superpowers.

Instead, he appeared to harden the Iranian position once again by restating his country's demand that Iraqi President Saddam Hussein be punished for starting the war on September 22, 1980.

"We believe that our most important task is to punish the aggressor," he said, "and today when we look back at the irrecoverable cost of this imposed war, we value it more than ever and believe that without punishing the aggressor any other achievement would be a loss for our people."

During an inconclusive peace mission to Tehran and Baghdad last week by Mr Javier Perez de Cuellar, the UN Secretary-General, Iranian leaders had appeared to play this issue down, calling instead for the establishment of an independent inquiry into the origins of the war before a formal ceasefire is declared.

The Iranian President, who dwelt on the Security Council's repeated failure to condemn Iraq for invading Iran seven years ago, described the body as "a paper factory for issuing worthless and ineffective orders," which leads the world's people to think that "there is no place for settling international problems and that the only option left is to use violence."

A possible arms ban will be the subject of a flurry of meetings between Mr Perez de Cuellar and foreign ministers from the five permament members - the US, Britain, the Soviet Union, France and China - during the rest of this week.

General Vernon Walters, Washington's ambassador to the UN, said yesterday that the Administration regards it as of the utmost importance, in pursuing an arms ban, to preserve unity

Background, Page 6

American Navy in second confrontation

BY ANDREW WHITLEY IN KUWAIT AND LIONEL BARBER IN WASHINGTON

A US NAVY frigate fired warning shots near a high-speed Iranian hovercraft in the Gulf yesterday morning, the second armed confrontation between the US and Iran within 24 hours, the Pentagon reported yesterday.

At the same time international shipping in the Gulf was warned that a 10-mile-wide carpet of mines had been laid across a main shipping channel by the Iranian naval vessel attacked on Monday night by US helicopter gunships.

Monday night's action was defended by President Ronald Reagan as justified under international law.

As he spoke, US diplomatic missions around the world were put on top alert against possible retaliation by Iran. The Pentagon, meanwhile, said an announcement would come shortly on whether Mr Caspar Weinberger, the US Defence Secretary, would travel to the Gulf region.

At least three Iranian sailors died in Monday night's attack and another six are still missing from the Iran Ajr, an amphibious landing craft which was under tow last night by a US Navy boat. A further 22 Iranians found in the sea were taken prisoner by warships from the US naval command in Bahrain.

It was the most serious incident in the Gulf since the US naval escort of reflagged Kuwaiti tankers began exactly two months ago. The incident brought with it fears that a new threshold might have been crossed.

President Reagan said he would not invoke the War Powers Act in the wake of the attack. The 1973 Act requires presidents to notify Congress when they have put US forces in danger of imminent hostilities. The forces may then be withdrawn within 90 days unless Congress extends the period or authorises their deployment, which would come close to a declaration of war.

The Pentagon said the attack was justified under international law as "self defence" and was therefore not an escalation.

At first light yesterday, a boarding party from the frigate Jarrett - which was the ship also involved in yesterday's incident - went aboard the drifting landing craft. There, according to the Pentagon, 10 sea mines along with their fuses and detonators were found abandoned by the surviving crew, who had taken to lifeboats.

The US plans to use pictures taken on the boat as evidence of Iranian minelaying and place them before the United Nations.

The Pentagon said that before

Continued on Page 24

Cable and Wireless wins fight for Japanese telecom licence

BY IAN RODGER IN TOKYO AND TERRY DODSWORTH IN LONDON

CABLE AND WIRELESS, the UK telecommunications group, has won its year-long battle for a significant stake in the future of Japan's telecommunications industry.

Within the next few days, barring some unforeseen obstacle, the consortium in which C and W is a leading member will be invited by Japan's Ministry of Posts and Telecommunications (MPT) to apply for a licence to operate an international telecoms service in Japan. Such an invitation is an assurance that a licence will be awarded.

C and W had become increasingly confident in recent weeks that it would win the battle, a bitter contest of wills which has been seen as a test case of Japanese willingness to open up its markets.

Nevertheless, the timing of the announcement came as a surprise to the City of London, where attention has been seized in the last few days by the reorganisation of the group's interests in Hong Kong.

The US has banned the import of some semiconductor chips made by South Korea's Samsung, saying that they infringed patents held by Texas Instruments. The ITC ruling was welcomed by US industry as a signal that trade laws can be used to protect intellectual property rights. Page 24

According to analysts, these moves were largely behind yesterday's sharp rise in the group's share price, which jumped by 9p to 478p in early trading.

Sir Eric Sharp, chairman of C and W, who at one stage enlisted the support of Mrs Margaret Thatcher, the British Prime Minister, in the struggle, said after a press conference in Tokyo: "It has been a long hard climb up Mount Fuji, but we can now see the summit."

In London, C and W said that it expected the consortium, International Digital Communications (IDC), to be profitable in 1992, and to cover its accumulated deficits by 1994.

Capital expenditure was expected to amount to Y40bn (£170m), including a proportion of the construction of a new North Pacific cable in which the company will hold a stake, a satellite air station and operational centres in Tokyo and Osaka. This network is designed as part of an independent worldwide telecommunications system which will be the first privately held organisation of its kind.

IDC expected to establish traffic to seven major countries, including the US, UK and Germany in its first year of operations in 1989, and 14 by the second year, it added.

In Tokyo, IDC also announced its reorganisation into an operating company which meets all of C and W's main demands for establishing itself in Japan. The British group will have a 16.83 per cent stake in the consortium.

Analysis, Page 12; Lex, Page 24

Russia tells human rights group it can visit Moscow

BY JUDY DEMPSEY IN VIENNA

THE SOVIET UNION will allow one of the most prominent Western human rights groups to visit Moscow and hold talks with Soviet officials on a whole range of human rights issues, a senior Soviet official said yesterday.

Mr Yuri Kashlev, the head of the Soviet delegation to the Conference on Security Co-operation in Europe (CSCE), said the International Helsinki Federation for Human Rights would be able to visit Moscow.

"We are expecting this delegation," he said.

The move is unprecedented and has surprised many diplomats in Vienna; few had been expecting such an open and swift response by the Soviet authorities. The diplomats had come to Vienna for the follow-up meeting of the CSCE, a

Continued on Page 24
Soviets invite IAEA to inspect N-plants, Page 3

Nigeria to repudiate $2bn debt

BY MICHAEL HOLMAN IN LONDON

NIGERIA intends to repudiate some $2bn of disputed trade debts which form part of arrears exceeding $5bn owed to companies around the world.

The move announced yesterday by the Central Bank of Nigeria is an apparent condition to the rescheduling of over $3bn worth of promissory notes for the balance of the arrears whose validity has been accepted by the government.

Creditors in Europe, the United States and Japan responded to the terms with a mixture of anger, frustration and resignation.

However the terms offered for the rescheduling of the promissory notes are an improvement on a deal put forward by Nigeria last month and the creditors' main adviser has recommended acceptance.

This would bring to an end

Noteholders are due to discuss the Nigerian proposals at a the dispute over the several billion dollar debt. It began when Nigeria's oil revenues plummeted and both insured and uninsured trade arrears soared. meeting to be convened next month by the Law Debenture Trust. It has been representing the noteholders in negotiations with the Nigerian Government, which last October announced that it could not meet the terms on which the notes were originally issued.

The main points of the Nigerian proposals, set out in a press statement by the Central Bank, include capitalisation of overdue interest on notes already issued at a rate of 1 per cent above the London Interbank Offered Rate, eight fixed quarterly payments of 1.25 per cent of the amount beginning in April 1988, andeighty fixed quarterly payments of 2 per cent thereafter, with the final payment in January, 2010.

The value of notes already issues is $3.25bn. The proposals make allowance for claims which have been accepted by the Central Bank but against which notes have not yet been issued. These new notes - likely to total some $500,000 - will be sent out by the end of 1987, says the statement.

Murdoch builds 14.9% stake in Pearson

By Martin Dickson, Raymond Snoddy and David Waller in London

MR RUPERT MURDOCH, the American-Australian newspaper publisher announced yesterday that he had built up a 14.9 per cent stake in Pearson, the diversified British information, entertainment and industrial group which owns the Financial Times.

Mr Murdoch, who already owns five national newspapers in the UK - including the Times, Sunday Times and Sun - said News Corporation believed it was in the best interests of Pearson to remain "an independent entity" but with a substantial minority shareholding by News Corporation.

The aim was to discuss with Pearson "the possibility of cooperation in their common business interests."

The formal statement added: "The News Corporation group has no intention of making a full bid for Pearson and would not contemplate doing so over the next 12 months in the absence of a material change in the circumstances of that company."

But the move was given a frosty reception by the Pearson board which said it had had no prior contacts with News Corporation and had no knowledge of its intentions. Lord Blakenham, Pearson's chairman, said: "We will continue Pearson's development as an independent company in the interests of all our shareholders."

There was immediate speculation that Mr Murdoch's ultimate intention might be a bid for Pearson - either alone or in alliance with other predators who might be interested in breaking the business up.

But Mr Murdoch's newspaper interests in the UK would make referral for a full Monopolies and Mergers investigation automatic if he tried to take over Pearson. Deals involving newspapers with a combined circulation of 500,000 have to be investigated. The only exception, and the one that allowed Mr Murdoch to acquire Today, his fifth UK national newspaper earlier this year, is if a title faces financial collapse.

A combination of Pearson's Penguin and Longman book publishing interests with Mr Murdoch's controlling interest in Collins might, on its own, be grounds for a Monopolies inquiry. Furthermore, change of control at Lazard Brothers, the merchant bank in which Pearson has a 50 per cent stake, would need Bank of England approval.

Pearson has been the subject

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An enigma's variation; Editorial Comment, Page 22

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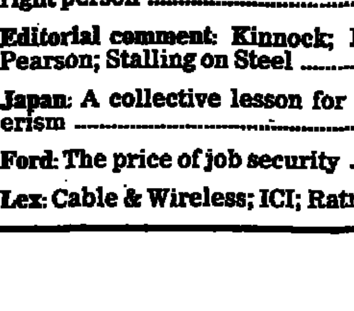

COALITION IN BONN TRIES TO PATCH UP DIFFERENCES

Bavarian Prime Minister Franz Josef Strauss will air grievances to Chancellor, Page 3

SCANT SUPPORT FOR STRICT PRODUCTION LIMITS

EC ministers wary on farm curbs

BY TIM DICKSON IN BRUSSELS

EUROPEAN COMMUNITY farm ministers yesterday gave a predictably wary first reaction to the latest Brussels plan for curbing the EC's spiralling agricultural expenditure.

While all were agreed on the *principle that farm spending* has to be brought under control, many were at best cautious, at worst hostile, towards the European Commission's proposals to set strict production or budgetary limits for each product and make sure that they are adhered to within a *single marketing* year.

Mr Ignaz Kiechle, the West German Agriculture Minister who has proved one of the most formidable defenders of farm incomes during recent Community negotiations, claimed that the plan "would reduce farm ministers to mere bookkeepers." Mr Francois Guillaume, Mr Paul de Keersmaeker, and Mr *Michael* O'Kennedy, respectively his *French, Belgian and Irish* counterparts, all spoke out against a *purely budgetary* approach to farm policy reform and emphasised the importance of taking more account of the social and regional impact.

The most enthusiastic support for the Commission's *initiative came from Mr John* MacGregor, Britain's minister, who indicated that even tougher action was needed for some crops, such as oilseeds.

The significance of the debate goes beyond the simple arithmetic of farm spending which has risen 40 per cent since 1984 to an estimated Ecu 27.3bn (£19bn) for this year. The *ability of ministers* to find ways of controlling the CAP *in the next few months is likely* to influence the response of EC heads of state at the Copenhagen summit in December to Commission president Jacques Delors's request for a substantial increase in Community resources.

Full details of the new proposals *should* emerge later today if, as expected, a full meeting of the Commission adopts four key policy papers put together recently. These will flesh out the ideas for each sector which have already been outlined in principle, namely the introduction of new production targets and guaranteed thresholds, or "budget stabi*lisers*," aimed at keeping spending on individual products *on track over a 12 month* period. Ireland, France and West Germany all spoke out yesterday specifically against the implementation of these mechanisms during a single marketing year.

With the hard talking not likely to start until next month, yesterday's *ministerial reactions* can be seen in most cases as largely tactical. But they indicate the struggle which the Commission faces before its ideas are accepted.

Commission to appoint steel crisis team

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission will within the next *10* days appoint a panel of three ex*perts to* produce an urgent report on how to cut the EC's 30m tonnes of steelmaking overcapacity.

Among the names being canvassed yesterday was *Viscount* Etienne Davignon, the Belgian former *Industry Commissioner*, who was largely responsible for establishing the system of output controls which has cushioned the industry for the past seven years.

The others are likely to be drawn from among the Community's four biggest steel*making countries*, Germany, Italy, France and the UK.

The decision to form the team marks member-states' recognition that neither the Commission nor *Eurofer*, the club of big steelmakers, can make progress on their own in seeking badly needed production cuts.

The meeting agreed that quotas should only continue beyond *the end of this year* on "absolute" condition that adequate cuts could be found.

Senior Commission officials say the panel, which must report by mid-November, could pin-point individual plants for *closure. Industry Ministers* have, however, given it deliberately vague *instructions to* advise "on how adequate commitments to reduction of production capacity can be obtained," so the panel will in *practice have to use its* discretion.

The Commission is proposing to continue output controls for three years for hot rolled coil, cold rolled sheet and heavy sections, but to scrap quotas at *the end of 1987 for merchant* bars and wire rod, for which demand is relatively strong.

This latest attempt to streamline the steel industry follows the failure of Eurofer's efforts earlier this year to agree on its own restructuring scheme.

The group did identify just over 15m tonnes worth of closures, mainly in long products. But it made no proposals for the EC's 10m tonnes or so of hot rolled coil overcapacity.

One sign of the painfulness of the decisions to come is the growing pressure from some member states, led by Italy and Belgium for a return to national aid to stimulate closures. The Commission is unlikely to agree *to a return to state steel subsidies*, which were banned two years ago, unless it gets firm guarantees that they will be linked to closures rather than used as competitive weapons.

Member-states are to meet *again on December 8 in a final* bid to reach a common view on the full details of the Commission's steel plans.

IMF presses Poland for economic reform progress

BY CHRISTOPHER BOBINSKI IN WARSAW

THE International Monetary Fund *appears to have linked* the start of talks on a stand-by credit for Poland to progress in implementing planned economic reforms and achieving a current account surplus.

This is strongly implied in a statement by Mr Jerzy Urban, the Government spokesman, after talks last week in Washington by Mr Bazyli Samojlik, *Poland's Finance Minister*. The country has debts totalling $35.3bn

Mr Urban said the IMF favoured speedy implementation of economic reforms and that there had been "considerable agreement" between the *minister and Fund officials in* assessing Poland's economic situation.

No date has been agreed for the start of the talks on a stand-by credit, Mr Urban said in his statement whose tone nevertheless suggested that the authorities hope that reform *policies* to be *unveiled* next month will satisfy the Fund

Meanwhile, a *Polish financial* team is soon to hold talks with the World Bank to ascertain the chances of securing a loan to finance investment projects identified by World Bank experts as likely to boost exports.

Oslo worried by Canadian troop withdrawal plan

BY KAREN FOSSLI IN OSLO

NORWAY'S Defence Minister, *Mr John Joergan Holst, is push*ing for a commitment to replace the Canadian Sea Transportable (Cast) brigade which will be withdrawn from Norway's support of the northern Nato frontier by autumn 1989. He called for Canada to stand by its commitment until "satisfactory arrangements are in hand."

Speaking on the second day of the five-day regular autumn session of the North Atlantic *Assembly here, he called for* the Canadian withdrawal to be viewed in a broad political context. In a White Paper in June Canada reallocated its air squadron and ground forces to West Germany.

Mr Holst said Canada's alternative for the northern flank reinforcement was not commensurate with Norway's view of the facts. The Cast and Canadian air squadrons were a particularly *important* aspect of deterrence while providing flexibility during crises and emphasising a non-provocative character of Norway's defence arrangements.

The Defence Ministry has *denied that consideration is* being given to stationing multinational troops in Norway as replacement for the Canadian withdrawal. "

Goria seeks to stem tide of pollution in Venice

By John Wyles in Rome

THE Italian Prime Minister, Mr Giovanni Goria, and several of his ministers are taking a short break from their search for budgetary austerity and devot*ing themselves instead to* the task of ensuring that L6,500bn (£3.02bn) are wisely spent on reducing pollution in Venice and making the city safe from its surrounding waters.

Nearly 21 years on from the disastrous floods which devastated the city, the ministerial *migration is meant to* highlight Italian determination to cure the Serenissima of some of its worse environmental afflictions.

Work is due to start shortly on assembling a prototype of the three mobile dams which will stand guard over the three entrances to Venice's lagoon. *These will hold back* tides which regularly flood the city's lowest points, most notably St Mark's Square.

Before returning to the task in Rome of framing the *1988* budget proposal for *adoption on Thursday, Mr Goria and* his colleagues will be discussing with local officials this morning the need to reduce the level of pollution in the lagoon and canal network before the dams are put into place. One of the first *requirements is to* give the city its first proper seweage system and a second is to control the use of chemicals and fertilisers in the hinterland which are then washed by rivers and streams into the lagoon. There *is also* the need to control *fully* discharges from heavy industry based in nearby Porto Marghera.

In a typically Italian fashion, the state has set itself the target of spending its total L6,500bn allocation by 1995. The deadline is an important source *of pressure on* the local regional and national authorities to achieve a degree of co-ordination which is best achieved in Italy only in dire emergencies, and sometimes not even them.

Brussels air strike

Air traffic controllers paralysed Belgian airports with a two-hour strike yesterday, their second stoppage in 24 hours, Reuter reports. The strike has been called *in* protest against working conditions and short-*staffing*. A *similar protest* began on Monday night and lasted 16 hours.

Hungarian bank challenges VW on currency deals

BY HAIG SIMONIAN IN FRANKFURT

THE FIRST day of the court case between Volkswagen and the National Bank of Hungary over the DM 382m (£130m) foreign exchange losses suffered by the motor group earlier this year opened in Frankfurt yesterday to a mixture of comedy and high drama.

After a sometimes tense and angry hearing lasting just under two hours, Judge Leimert, the presiding magistrate, adjourned the case until October 22 in order to consider the evidence, and possibly summon testimony from expert foreign exchange witnesses.

The action has been brought not by VW, but by the National Bank of Hungary, which is seeking legally to establish that it is not *involved in the series of* eight fraudulent forward foreign exchange contracts taken out in its name with the West German motor company. These, it later transpired, had been falsified in a conspiracy *allegedly involving members of* VW's foreign exchange dealing staff and Mr Joachim Schmidt, the missing Frankfurt foreign exchange broker.

Liberally quoting the press, Mr Frans Waltermann, the principal lawyer for the Hungarians, argued the bank had been damaged by allegations that it was involved in the affair. He argued that the bank *had contacted* VW four times during 1985, when the transactions took place, to establish there were in fact no foreign exchange contracts outstanding between them.

VW, which must prove that the bank agreed *to* the deals, or that it failed to comply with certain obligations, seemed very defensive by contrast. Accusing Mr Waltermann of showmanship, its lawyer, *Mr* Ruediger Volhard, a respected *Frankfurt legal figure*, adopted a curiously donnish air.

Further details will spill out in the coming weeks, but among the morsels revealed today was the fact that VW's dealing staff had, at one stage, transacted a *multi-million* dollar foreign exchange contract for D-Marks at a rate some 26 *pfennigs* outside the day's market level.

Moscow denies reports that Gorbachev is sick

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, is in excellent health and on holiday, a spokesman *said yesterday, contradict*ing Western press reports that he is ill.

Mr Boris Pyadyshev, a Soviet Foreign Ministry spokesman, would not be drawn on when Mr Gorbachev would return

The Soviet leader has not been seen in public since *August 7 when he saw a group* of American teachers of Russian. In contrast to 1986 the Communist party daily Pravda did not announce the date of his departure on holiday.

The six weeks that Mr Gor*bachev has been on holiday or* at least absent from the public eye has fuelled rumours in Moscow that he is ill, but Western diplomats said yesterday that they knew of no credible evidence for this.

Last year Mr Gorbachev spent just under a month on *holiday but, even so there were* strong rumours in the Soviet capital that he was in hospital suffering from gunshot wounds following an assassination attempt.

This story was only quashed when Pravda published a photograph of him addressing crowds in Krasnodar in the south of the country. Reports then spread that it was Mrs Raisa Gorbachev who had been hit by an assassin; *this* rumour only evaporated when Pravda *published photographs* of her.

Pravda yesterday carried a message of greetings from Mr Gorbachev to the International Academy of Architecture meeting in Sophia, the capital of Bulgaria. This is presumably *intended to reassure the Soviet* public that their leader is still alive but may well have the opposite effect.

This is because such messages of good cheer from the Soviet leader to meetings of varying degrees of obscurity were frequently printed during *the last days of the three* Soviet leaders who died between 1982 and 1985.

Corporate tax changes urged in France

By George Graham in Paris

FRANCE'S national tax council has called *for reforms* in the corporate tax system in order to prevent French companies from being put at a disadvantage to their foreign competitors.

The council, in its annual report published yesterday, said that the weight of taxes on companies was the heaviest of any major industrial country. The tax *burden* accounted for *17.9 per cent of gross* domestic product, it said, just ahead of Sweden (*17.4* per cent) but far greater than for other countries.

The report criticises especially the professional tax, which is apparently *based* both on a company's gross wage bill and *on rental values* but which in fact penalises physical investment. The professional tax is particularly distorting, the council said, because the rates charged *vary widely* from district to district.

Demands for *special* tax incentives to *boost* investment are *strongly criticised* by the council. It says that these incentives benefit mainly companies which would have invested in any case, and rarely have a significant effect unless they are both massive—and therefore costly *—and long-lasting*.

The council comes out in *favour of reducing the rate of* tax on companies' profits. The *report* also *calls for the intro*duction of group taxation, allowing companies to set losses from one subsidiary off against profits from another, a reform begun by the government in its budget presented earlier this month.

● Italy has agreed to take part in the French Helios military satellite programme, writes Ian Davidson. The French Government is also discussing the programme with Spain. The Italian *agreement marks an important* boost for Helios, which is designed to provide advanced optical surveillance capabilities suitable for arms control purposes.

The system is expected to consist of three or four satellites, with an optical resolution of as little as one metre. The total cost of the programme is *estimated at FFr 7.6bn (£767m)*, of which Italy is to contribute 14.5 per cent.

EUROPEAN NEWS

Le Pen debate plumbs the depths

By Ian Davidson in Paris

THE FRENCH are widely supposed to have a way with words, and a talent for intellectual and articulate agility. But when the Fifth TV channel staged a debate on Monday night between Jean-Marie Le Pen, the extreme-right-wing National Front candidate in the forthcoming presidential elections, and Mr Andre Lajoinie, his Communist rival, the result rarely rose above the level of vulgar invective.

For 90 minutes they exchanged insults, both personal and political, to the point where the anchorman felt obliged to remind them, gently, that they were both, after all, declared candidates for the French *Presidency*.

The press was virtually unanimous in its dismissal of their slugging match. Liberation, the socialist newspaper, headlined its verdict: "Le Pen—Lajoinie: *stupid and nasty*." Le Matin called it: "Le degre zero de la politique," which, if hard to translate, is easy to understand. France-Inter, the state radio station, characterised the debate as "a saloon bar conversation (une conversation de bistrot)."

Mr Lajoinie denounced Mr Le Pen for the crimes of Hitler, Le Pen denounced Lajoinie for those of Stalin and Pol Pot. Presumably both men believed that this level of abuse would appeal to their potential voters, even if the middle-of-the-road press should think differently.

At all events, neither devoted more than a *few* minutes to rational description of their policy platforms. Mr Lajoinie called for an increase in the minimum wage and a reduction in the working week. Mr Le Pen recommended reserving jobs for Frenchmen, and sending home the 500,000 foreigners who (he said) had been unemployed for more than a year.

Yet on this vexed question of foreigners and immigrants, the Communist had the worst of the exchange. Whereas Mr Le Pen was shamelessly anti-immigrant, Mr Lajoinie was clearly uncertain of the best line to take. On the one hand, he was opposed to any immigration; on the the other he was opposed to any tightening of the nationality laws.

Despite its vulgarity, there was a certain political logic in a debate between the two. They are both competing for support among the disadvantaged working class, and a significant proportion of Mr Le Pen's National Front supporters voters may have been one-time Communist voters, alienated by the party's poor showing in its short-lived coalition with the Socialists in the early 1980s.

The interesting question is whether, and if so when, the centre-right parties of the present Government consent to a direct debate with Mr Le Pen. Until now it has been ruled out on principle by the Gaullist RPR party. But since Mr Le Pen's harping on the anti-immigrant theme is likely to remain one of the defining elements of the campaign, it is also likely to become one of the issues on which the centrists will seek to differentiate themselves from the Gaullists.

But whether Mr Jacques Chirac or Mr Raymond Barre would be able to raise a debate with Mr Le Pen to a more spiritual level than Monday night's brawl, may be a large question.

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Soviets invite IAEA to inspect N-plant

BY DAVID FISHLOCK, SCIENCE EDITOR, IN VIENNA

THE SOVIET UNION has invited an international team to inspect *the safety and management of a* large pressurised water reactor, probably in the Ukraine, where the Chernobyl reactor explosion took place last year.

Prof Andronik Petrosyants, the 81-year-old chairman of the Soviet state committee on the use of atomic energy, announced the invitation while addressing the annual conference of the International Atomic Energy Agency (IAEA) in Vienna *yesterday*.

IAEA officials said the Soviet reactor chosen for a visit by its *operational safety review team* would be a VVER-1000, the Russian version of the Western 1000-mwt PWR, and the inspection would probably be in mid-1988.

The site is expected to be Zaporozhe in the Ukraine, to help placate local feelings about reactor safety following the Chernobyl accident in which 31 died.

It will be the first time the IAEA's safety division has been given the chance to send a review team to a Soviet reactor.

Hungary and Bulgaria also announced invitations for similar inspection teams to visit Soviet-designed PWRs of both 1000 mwt and 440 mwt capacity next year.

Since the Chernobyl accident, safety reviews have become one of the most important and fastest-growing of the IAEA's programmes. During the past year, 11 such missions have been carried out, most recently in the US and Mexico.

The IAEA has inspected a *total* of 23 reactors so far, recruiting an *international* team of about a dozen carefully chosen safety and supervisory staff from other nuclear plants specially for each inspection.

This team spends about three weeks studying the operating and maintenance practices of the nuclear stations.

Dr Morris Rosen, the IAEA director responsible for these reviews, said that if South Africa signed the Non-proliferation Treaty – as it indicated on Monday *it was prepared to do* – *he* believed it would promptly invite a safety review of its French-built PWRs near Cape Town.

The review team's report is confidential to the national authority which has requested such an inspection.

Dr Rosen said he expected to carry out about 15 reviews next year, and to maintain this rate of safety review for the foreseeable future.

Kohl and Strauss re-enter the coalition ring

David Marsh previews a difficult meeting for the West German government's two top politicians

AFTER A miserable political summer Chancellor Helmut Kohl and Mr Franz Josef *Strauss, the Bavarian Prime* Minister, will be meeting within the next few days to try to thrash out differences in West Germany's conservative-led coalition Government.

Neither will have anything soothing to offer. Mr Kohl is making heavy weather of the coalition's difficulties; looking, not for the first time in his political career, a hapless and unconvincing leader. But there seems little alternative to him plodding on as Chancellor until the end of this legislature's term in 1990.

Against a background of faltering economic recovery and growing unemployment, the Government will probably have to struggle to push through planned tax cuts and trim the nation's social security system.

Mr Kohl's Christian Democratic Union has suffered setbacks in five out of six electoral challenges this year, including two state elections in Bremen and Schleswig-Holstein earlier this month. The latter was accompanied by a strong whiff of scandal over alleged "dirty tricks" by Mr Uwe Barschel, the state's CDU Prime Minister, which may still be strong enough to force him to resign.

This month's elections also added to a string of electoral gains by the liberal Free Democratic Party, the junior partner in the three-party coalition. The gains have significantly changed the balance of power both in the federal and Lande (state) governments—to the fury of Mr Strauss and his Bavarian Christian Social Union.

During the last few days Mr Strauss has been stepping up criticism of the CDU's bid to occupy the middle ground in West German politics, claiming it has driven voters towards the FDP and profited right-wing extremist parties. He has also pointedly asked why the Chancellor, in contrast to his predecessor Mr Helmut Schmidt, has failed to give his party any electoral "Chancellor bonus."

Mr Strauss vehemently criticises the FDP's softer policies on law ond order and abortion. But he is particularly aggrieved by the way Mr Hans-Dietrich Genscher, the veteran FDP Foreign Minister—occupying a post Mr Strauss once longed to have himself—now holds sway over West German foreign policy.

Mr Genscher, a consummate tactician, hs cleverly harnessed the pro-disarmament views of West German public opinion and its desire for closer East-West cotact. Profiting from the well-publicised doubts of the MDU and CSU over thedesirability of superpower plans to eliminate medium-range nuclear missiles, Mr Genscher has managed to polish up the FDP's "progressive" eppeal.

But Mr Strauss has few cards *to play. He is highly unlikely* to resort to the ultimate step—pulling out CSU ministers *from the Government. During* the last few months, in which constant Strauss sniping has simply bounced off Mr Kohl's thick skin, the Bavarian lion has looked increasingly toothless.

In contrast, Mr Kohl's position, while uncomfortable, is hard to challenge. Unlike during previous periods of difficulty after hecame to power in October 1982, serious competitors have been more or less eliminated.

Mr Gerhard Stoltenberg, the Finance Minister, was once thought the most likely man to take over if Mr Kohl's survival qualities ever failed him.

Recently, however, he has looked beleaguered as he heads the effort to win a political consensus for the Government's heavily-criticised 1990 tax cutting programme.

Mr Kohl went out of his way to undermine the Finance Minister in March by publically offering the job to Mr Strauss — a blow to morale from which Mr Stoltenberg has not recovered and a move considered to be aimed partly at clipping Mr Stoltenberg's wings as a leadership rival. The Finance Minister, chairman of the Schleswig-Holstein CDU, is also unlikely to escape unscathed if the dirty tricks allegations prove well-founded.

The threat from the Opposition, for the moment at least, is also limited. The Social Democratic Party although given fresh energy under the disciplined approach of its new chairman, Mr Hans-Jochen Vogel, still has not reformed itself sufficiently to win the 1990 general elections outright.

The main long-term danger to Mr Kohl may well be an eventual switch of coalition allegiances by the FDP, a reversal of its desertion of Mr Schmidt's SPD government in 1982. The FDP has already formed an alliance this summer with the SPD in Hamburg—the first such coalition since the 1982 split—and a link between the two parties still cannot be completely ruled out in Schleswig-Holstein.

A strong reason for the recent *improved* electoral *showing of* the SPD *has been* Mr Vogel's firm rebuttal of the idea once proposed by his predecessor, Mr Willy Brandt, of forming an alliance with the ecological Greens party.

But political changes in West Germany take place gradually, to the accompaniment of much argument and soul-searching, not in spectacular steps. Before the FDP would be persuaded to throw in its lot again with the SPD, a great deal more sparks would have to fly even within Mr Kohl's squabble-prone coalition.

Athenians succumb to smogs of autumn

BY ANDRIANA IERODIACONOU IN ATHENS

AUTUMN MAY be the season of falling leaves, but in Athens this year it is distinguishing itself more as the season of falling inner city dwellers.

The cause of their malaise—commonly reported symptoms are nausea and fatigue — is high levels of atmospheric pollution, apparently brought on by a combination of rising temperatures, increased traffic and industrial output, together with lack of wind following a relatively cool and quiet August.

All are agreed that the only agency likely to dispel the pollution is a strong wind. Exactly how bad the pollution levels making up what the Athenians refer to familiarly as *the nefos* (cloud), and how great the resulting damage to health, depends on who is counting. According to PAKOE, a non-government environmental organisation and virulent critic of the six-year-old Socialist administration's failure to tackle the *nefos*, pollution levels 150 per cent higher than the emergency ceiling drove 363 Athenians to hospital on Monday of this week.

A similarly alarming picture was drawn by the Athens municipal authorities, headed by conservative mayor Mr Miltiades Evert, which accused the Government of suppressing accurate pollution readings. The municipality urged the speedy adoption of measures to limit car exhaust emissions, the removal over a five-year period of industries mainly responsible for pollution, and the stepping up of plans to build an underground railway.

More than a million cars are estimated to be in circulation in the greater Athens area, about one to every four inhabitants. Approximately two-thirds of Greece's industry is concentrated around the capital. Though originally it was thought industry was the Athens *nefos* it is now believed that cars are the main culprit.

By contrast, PERPA, a state monitoring agency, said pollution *levels this week* were "high" but not in the emergency range, while the state emergency health service denied a rash of pollution-related cases. PERPA, advised Athenians to restrict their movements around the city to a minimum until the pollution bout is over.

Measures relating to cars and industry were part of a Dr 7bn (£30m) programme announced by the Environment Ministry more than a year ago to reduce pollution by 1990. The effect of the programme have not become visible so far, however.

OVERSEAS NEWS

S Africa to stay in IAEA, says US

SOUTH AFRICA will not be ousted from the International Atomic Energy Agency this week following Pretoria's decision to sign a nuclear non-proliferation treaty and Soviet movement on the issue, US Energy Secretary Mr John Herrington said yesterday, AP reports from Vienna.

"We had a meeting with the Soviets this morning and we reached common ground on the South African issue," Mr Herrington said. "It really means that South Africa will not be excluded this week."

Word of the US-Soviet agreeement on the South African issue followed a statement by South African President P. W. Botha on Monday in Cape Town that his government was prepared to sign the 1968 treaty on nuclear non-proliferation.

South Africa's refusal until now to submit all its nuclear facilities to inspection and to sign this accord has swelled support for it to be expelled from the IAEA.

However, the US and other Western nations opposed the move, arguing that opposition to South Africa centred less on its nuclear policy than on its apartheid policies.

Mr Hetherington met yesterday morning with Mr Andronik Petrosyants, the head of the Soviet delegation to the current IAEA general conference, discussing the South African issue and a similar move to expel Israel.

A source close to the US delegation said the Soviets agreed with the American view that "it is better to have South Africa in the organisation than out."

The source also said that South Africa's willingness to sign the 1968 accord had created more support for South Africa.

Maggie Ford reports from South Korea on civil servants' doubts about the future

Seoul's sunflowers in the cloud

UNCERTAINTIES about democracy are clouding the vision of Seoul's "sunflowers," the public officials who administer the state, so-called because of their tendency to turn their faces towards their superiors. Normally they hope to advance through flattery, but the sunflowers are now at a loss.

Who, they wonder, will be running South Korea next year after the general election? And what will be their policies? A step in the wrong direction now could be fatal to a man's career and prospects of promotion.

The result of this anxiety, according to businessmen, bankers and others who have to deal with South Korea's powerful bureaucracy, has been a creeping paralysis, with some major policy decisions shelved and others put on the back burner.

A major reorganisation of the country's financial system, including a restructuring of the banking system and the capital markets to cope with the demands of a modern industrial economy, has been put off until next year.

The plan, beset with difficulties but generally regarded as long overdue, had been under serious study by a top level committee for almost a year.

One senior Seoul businessman was critical about the postponement on the grounds that it involved economic policy, not politics, but conceded that the task was so complex that the planners probably did not know what to do.

Roh Tae Woo

Other analysts point out that the reorganisation would involve many levers of economic power in the country, some with political connotations.

Following pressure from companies, the Ministry of Finance has, however, made the decision to allow financial futures trading, so that exporters can more easily cope with the effects of the appreciating currency, the won.

But while the deferral of such major changes may be justified, concern is growing that economic organisations may have issued figures, especially during the recent labour unrest, designed to mislead the public.

Last week 23 Protestant ministers held a sit-in at the headquarters of the Federation of Korean Industries, the employers' organisation, demanding an apology for a statement made by the federation to a Cabinet meeting at the height of the strikes. The ministers claimed that the statement said wrongly that workers had humiliated members of the management. The following day more than 100 strikers were arrested at two plants, most of whom remain in jail.

Businessmen and bankers have also criticised economic forecasts issued by the Korea Development Institute, an authoritative government think tank. A KDI report suggested last month that the labour unrest could halve South Korea's gross national product from 15 per cent growth in the first six months of this year and knock \$3.1bn off the value of exports.

Analysts believed at the time that the damage would amount to no more than \$1bn. One academic said: "The people don't believe these scare tactics any more."

Officials at the Ministry of Information and Culture have been perhaps the hardest hit by the uncertainty. The department, also the government spokesman, is expected to portray and clarify the Government's attitude to matters such as the student movement, usually described as being infiltrated with radical leftists. It also produces background material for journalists on the President and other members of the ruling party.

But last week Mr Roh Tae Woo, leader of the ruling Democratic Justice Party, said in a Washington speech that extremists of both left and right were the greatest threat to South Korean democracy.

Asked for information about extreme rightists, a ministry official had to admit that, while there was plenty of information available about leftists, the department had no experience of this new problem.

Neutrality of public officials is a key demand of the Opposition Reunification Democratic Party which feels that the opportunities for abuse could endanger fair elections both for the Presidency in December this year and for the National Assembly early next year.

Analysts believe that many of the sunflowers, especially those under 40, welcome the coming of democracy, like the vast majority of South Koreans. But until the new sun has risen and the direction of its rays has been determined, caution is likely to remain the order of the day.

African heads of state to consider Chad conflict

AFRICAN HEADS of state are to arrive in Zambia for talks today aimed at resolving the conflict between Libya and Chad, but there were doubts yesterday about whether Col Muammer Gadaffi, the Libyan leader, would attend the meeting, Victor Mallet reports from Lusaka.

President Omar Bongo of Gabon, head of the committee of the Organisation of African Unity which arranged the Lusaka conference, has criticised Libya for appearing to pursue "the politics of the empty seat" during negotiations.

Mr Bongo and President Joaquim Chissano of Mozambique were among those who arrived yesterday to be greeted by the Zambian President and Dr Kenneth Kaunda, the OAU chairman. Other leaders are expected from Chad, Nigeria, Senegal, Algeria and Cameroun.

Chad and Libya have maintained an uneasy ceasefire for more than a week following Libya's recapture of the disputed Aouzou strip between the two countries. The Chadian forces, which receive support from France and the US, drove the Libyan out of northern Chad earlier this year and then over extended themselves by advancing into the Aouzou region and into Libya itself before being driven back.

The OAU has tried with little success to tackle the troubled affair of Chad for the past seven years, and sent a peacekeeping force there in 1981.

Shamir knew about Herut-PLO talks, say peace activists

ISRAELI and Palestinian peace activists said yesterday that despite denials Mr Yitzhak Shamir, Israel's Prime Minister, knew of secret talks between members of his right-wing Herut Party and supporters of the Palestine Liberation Organisation (PLO), Reuter reports from Jerusalem.

A Communist Israeli parliamentarian, Mr Charlie Biton, peace activist Mr David Ish-Shalom and Palestinian newspaper editor Mr Salah Zuheikeh told a news conference that the talks, conducted over four months with Herut politician Mr Moshe Amirav, led to an agreement on principles for Palestinian self-rule.

The Prime Minister's spokesman, Mr Yossi Ahimeir, continued to deny yesterday that Mr Shamir had any knowledge of the talks and reiterated his utter condemnation of any dealings with the PLO, which, he said, sought to destroy Israel.

"He (Shamir) never agreed or disagreed with this initiative but he knew about it," Mr Ish-Shalom said.

He produced no documentary evidence but said Israel's Shin Bet security agency, which reports to the Prime Minister, knew of the contacts, as did President Nicolae Caecescu of Romania, whom Mr Shamir met last month.

Mr Ish-Shalom said a memorandum agreed by Mr Amirav and PLO supporters Mr Faisal Husseini and Mr Sari Nusseibeh was distributed to several senior Herut figures, including Mr Shamir and two other Cabinet ministers, as well as to PLO leader Mr Yasser Arafat.

The affair involves not only Mr Amirav, a little-known member of Herut's central committee, but also Herut parliamentarians Mr Ehud Olmert and Mr Dan Meridor.

Mr Olmert met once with Mr Nusseibeh, a professor at the Bir Zeit University in the occupied West Bank.

The peace activists released an August 26 agreement between Mr Amirav, Mr Husseini and Mr Nusseibeh which called for a "Palestinian entity in the territories held by Israel since June 1967, with an administrative capital in the Arab parts of Jerusalem."

The memorandum foresees negotiations between the PLO and the Israeli Government, with each people recognising the other's right to self-determination.

Mr Nusseibeh, lambasted in campus leaflets by the Marxist Popular Front for the Liberation of Palestine for talking to the Zionist enemy, was beaten up by masked students at Bir Zeit on Monday and suffered a broken arm and head wounds.

Zimbabwe opposition offices closed

ZIMBABWE'S chief opposition party has been ordered to shut its offices throughout the country because of alleged links to armed rebels, a senior opposition party official said yesterday, AP reports from Harare.

Mr Joseph Msika, vice-president of the Zimbabwe African Peoples' Union (Patriotic Front) party, told the Associated Press, "the Government is banning us without saying so."

Mr Enos Nkala, the Home Affairs Minister, said in an interview with the semi-official Zimbabwe Inter-African News Agency (Ziana) that he had ordered the closure of opposition leader Joshua Nkomo's Zapu offices on Thursday night in a programme to crack down on armed dissidents and their supporters.

The rebels have been blamed by the Government for killing scores of people in Matabeleland province, Mr Nkomo's traditional stronghold in western Zimbabwe, since white-ruled independence from Britain in 1980.

Mr Msika said his party was consulting lawyers on whether the minister's statement was a violation of the constitution's guarantee of freedom of association.

Zapu has 14 seats in the 100-member National Assembly, all members elected from Matabeleland.

Mr Nkomo, contacted at his home in the Matabeleland provincial capital of Bulawayo, declined comment saying he wanted time to clarify what the minister meant.

Mr Nkala told the domestic news agency, "I have directed that all Zapu offices across the country be closed down and the people there look for alternative employment. I have also directed that all Zapu structures be set aside, that is they will not function. Any structure which tries to function will be met with utmost determination."

North Korea warned over Seoul Olympics disruption

THE US-led United Nations Command bluntly warned communist North Korea on Tuesday against any attempt to disrupt the 1988 Seoul Olympics, Reuter reports from Panmunjon.

The South Korean Government, meanwhile, delayed replying to a Northern call for two-way talks to discuss Pyongyang's continuing demands to share in hosting the Games.

One Seoul Olympic official told reporters the South would formally reject the offer on Thursday, insisting that the International Olympic Committee should be involved in any such negotiations.

In Panmunjon, a top UNC member told North Korean delegates at a meeting of the joint Military Armistice Commission their side was deliberately trying to raise military tensions to discourage world nations from competing in the Games.

US Rear-Admiral William Pendley said: "If your side commits any acts undermining stability and peace on the peninsula in the days ahead, you will bear full responsibility and will not be able to hide behind a smokescreen of exaggerated and false charges."

Adm Pendley, senior UNC member of the Commission, was referring to the recent publication by North Korea of accusations that South Korean and US forces committed 44,000 violations of the 1953 armistice agreement during the 12 months ending June 30.

The UNC has called the charges calculated misrepresentation.

The admiral said people throughout the world who were looking forward to the 1988 Olympics and wished for peace and stability on the Korean Peninsula would not be deceived by what he called the North's barrage of distorted propaganda.

Pyongyang, angry at the International Olmpic Committee's 1981 decision to award the 24th Olympics to the city of Seoul, has been demanding for years that the IOC backtrack and allow North Korea to co-host the sports extravaganza.

The IOC has referred four meetings between the two Koreas in Lausanne, Switzerland, in so far vain attempts to reach an acceptable compromise. Pyongyang has threatened to organise a boycott by communist nations if its demands are not met.

Philippine rebels kill more soldiers

By Richard Gourlay in Manila

COMMUNIST-LED guerrillas in the Philippines are killing more soldiers after they stepped up attacks to take advantage of divisions in the military following a failed miltary coup on August 28.

The figures released yesterday by Gen Fidel Ramos, the armed forces Chief of Staff, show an increase of more than 40 per cent in insurgency-related military casualties to 4.4 soldiers a day since rebel soldiers tried to topple President Corazon Aquino last month. Gen Ramos said that rising violence, the assassination of a left-wing leader at the weekend and the failed coup left the country "not yet out of the woods."

However, he said that the situation had not yet deteriorated to the point where there was a need for emergency powers as been widely rumoured in recent days.

Soon after the coup the New People's Army insurgence said it would step up its campaign against the divided "reactionary forces."

Hirohito has surgery

EMPEROR HIROHITO of Japan who, is 86 years old, underwent an operation yesterday to relieve a blocked intestine, and doctors later said they could not rule out the possibility of cancer of the pancreas, Reuter reports from Tokyo.

Dr Yasuhiko Morioka, the chief surgeon in the two-and-a-half hour operation, told a televised news conference later that they had been expecting to find a problem with the intestines, but instead discovered the emperor's pancreas was swollen.

"There are various doubts about cancer, and doctors are planning to conduct a pathological examination of part of the pancreas removed during the operation," Dr Morioka said. He said the results of the test would be available in about one week.

Mass jail-break in Fiji

MORE THAN 100 prisoners broke out of Fiji's main jail after setting fire to prison buildings yesterday. Troops sealed off the area, erecting roadblocks on the highway to Nadi International Airport, AP reports from Suva.

Police said the 114 inmates from Naboro jail who fled to a surrounding jungle were armed with forks, spades and cane knives.

No injuries were reported and details of the prison fire were sketchy. News reports said firefighters were still battling the blaze two hours after the escape.

The prison, 15 miles west of Suva, has about 1,000 inmates, 90 per cent of whom are indigenous Melanesians. Residents said troops, armed with automatic weapons, were stopping all vehicles and demanding identification from passengers.

The breakout follows recent communal violence that appears linked to a military coup in May.

Japanese Burma loan

Japan has lent Burma Y32.9bn (£139m) in official development assistance and provided a Y733m grant for rural telephones, the Japanese embassy said, Reuter reports from Rangoon. The loan includes Y16bn for general commodities to be repaid at 3.5 per cent over 25 years with a seven-year grace period, it said.

A Y16.9bn loan for three electric power projects will be paid back at the same interest rate over 30 years with a 10-year grace period.

Taiwan eases overseas study

BY BOB KING IN TAIPEI

TAIWAN PLANS to allow secondary-school graduates to travel abroad for advanced education, in an effort to widen the so-called "narrow gate" to university degrees for its citizens.

In support of the plan, Mr Yu Kuo-hwa, the Prime Minister, has instructed "concerned ministries" to study the proposal—a phrase which in Taiwan parlance is equivalent to official approval.

The move would allow secondary-school graduates to apply directly to universities abroad, although male students would first have to complete a compulsory two years of military service.

Under current regulations, students who wish to study overseas must take a first degree from Taiwanese universities before they can go to graduate studies abroad. Taiwanese students now make up the single largest foreign contingent in US universities.

The liberalisation will, to a large extent, lessen the elitist approach to education that has long marked Confucian societies such as Taiwan. Although education here is compulsory for the first nine years, a rigorous examination for places in secondary school, and an even more rigorous one for places in university, ensure that only about 10 per cent of the island's students receive a university education.

With the doors opened to secondary-school graduates for places abroad, however, that percentage could double or even treble—thus providing sorely-needed graduates to help in the country's development.

Mr Yu said the previous restrictions represented an effort to save foreign exchange when Taiwan was an underdeveloped country. Taiwan now has the world's third-largest reserves of foreign exchange, roughly \$64bn, and no longer needs to maintain the restrictions, he said.

Rugby's Top International

Bob Davidson, Managing Director of GEC Turbine Generators Ltd. *Photography by Terry O'Neill*

In 1974, GEC Turbine Generators won its last but one domestic order for thirteen years. That was the springboard for an export-led performance that took Bob Davidson's company to remarkable heights. In an interview with **Robert Heller**, he explains why he calls it "one of the most successful companies in the world".

BRITAIN has few companies – too few – that can boast even second place in any of the world's most international and competitive markets. And even fewer have reached that eminence by doubling market share since the start of the Seventies. The architect of this strong climb up the world's steam turbine ladder, Bob Davidson, doesn't conceal his pride in the achievement, or in the management team behind the rise: not least because "It wasn't a good business when we took it over."

The year was 1969, and the company looked like the largest anomaly in the newly assembled GEC group.

Having gratefully exited from power generation, selling off its own business, GEC, in acquiring AEI and English Electric, dropped right back in: with badly-equipped factories, no new designs, very little record in exports and a home market that was about to close shut.

Today, Davidson can point to "excellently equipped factories, modern designs, highly satisfied customers round the world – and we're positioned very, very much more strongly."

Like many of his contemporaries running GEC companies, Davidson is an engineer who began his career with the business as a graduate apprentice. A sturdily-built Scot from Lanarkshire, he joined English Electric in 1949 at Rugby, from where today he runs GEC Turbine Generators – a £320 million business.

HIS personal breakthrough came in 1956. In one of the British power industry's then sporadic successes in world competition, EE had won the Priest Rapids hydro-electric contract in the US. Davidson believes it was, at £33 million, then Britain's biggest single export order: today's champion in that respect, the Castle Peak power station in Hong Kong, another GEC project, weighs in at £650 million.

As one horrendous problem after another surfaced at Priest Rapids, "there were days when I felt my world had come to an end. But my role was *to put it right*."

Not surprisingly, English Electric's top management took an extremely close interest in his progress – in contrast to the independence that Davidson has latterly enjoyed. For instance, in negotiating the huge contracts in Hong Kong and China (Davidson himself went 35 times to China), "there was no ringing back" to the Stanhope Gate headquarters. "Complete freedom to do it" is how he sums up the relationship.

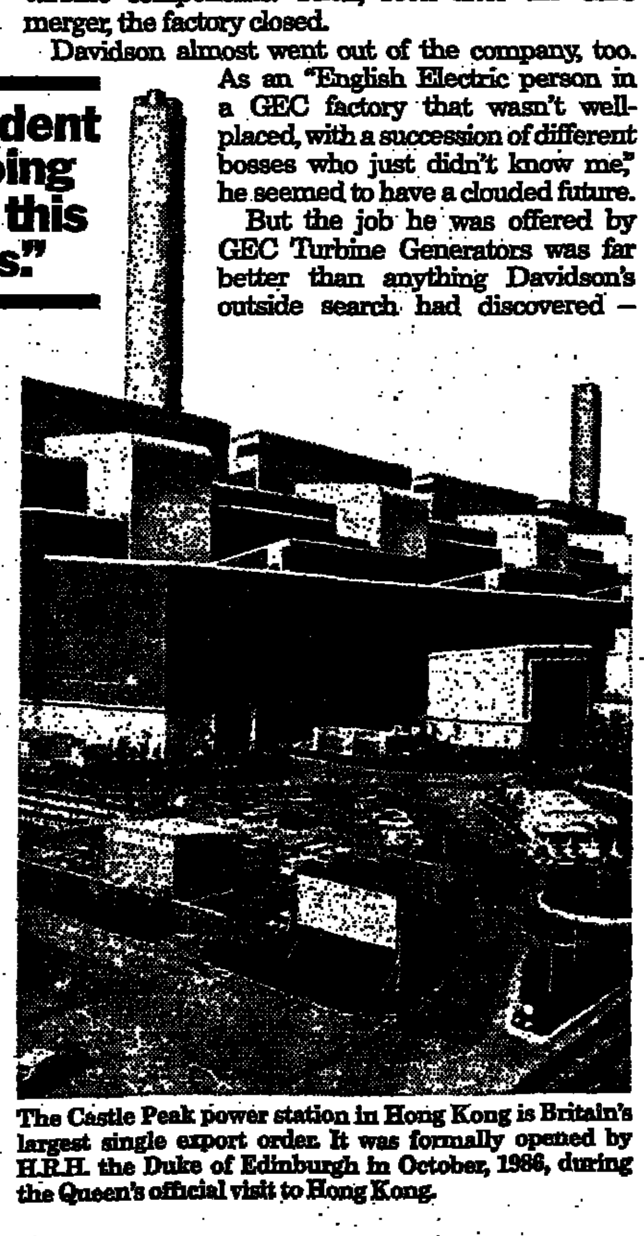
Obviously enough, the freedom has flowed from the success – although Davidson and his team were given their heads from the start. After the success at Priest Rapids, his boss "persuaded me to go into factory management".

AT Netherton Works in Liverpool, as manufacturing manager and then as general manager, Davidson was plunged into the early stages of the great restructuring of Britain's heavy electrical industry. First, EE "decided to quit the water turbine business," which meant switching the plant to steam turbine components. Then, soon after the GEC merger, the factory closed.

Davidson almost went out of the company, too. As an "English Electric person in a GEC factory that wasn't well-placed, with a succession of different bosses who just didn't know me," he seemed to have a clouded future.

But the job he was offered by GEC Turbine Generators was far better than anything Davidson's outside search had discovered – though "five years of disruption" were required as plants were shifted and designs radically altered. By 1974-75 (when Davidson was Managing Director) the grand reorganisation had achieved its purpose – only to run head-on into a roadblock.

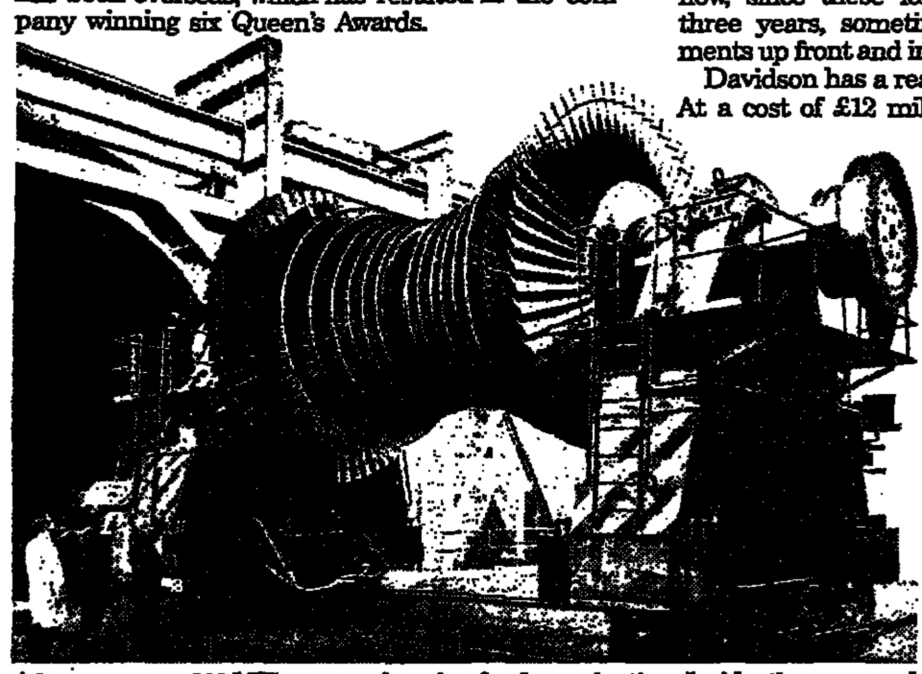
"I am confident we are going to sustain this business."



The Castle Peak power station in Hong Kong is Britain's largest single export order. It was formally opened by H.R.H. the Duke of Edinburgh in October, 1986, during the Queen's official visit to Hong Kong.

In 1974 the Central Electricity Generating Board placed a turbine generator order with the company. Almost unbelievably, GEC received only one more order from the British electric supply industry until April this year. "We didn't realise that the British market was going to disappear," says Davidson.

YET over this period of the CEGB's abstinence, his company's sales per employee have quintupled to £53,000: profit per employee has risen from £550 to £4,800. Profits multiplied six-fold in total to £32.5 million – and "95% of our business since then has been overseas," which has resulted in the company winning six Queen's Awards.



A low pressure 1200 MW rotor undergoing final examination. Inside, the armoured evacuated testing chamber, it will run at 20% overspeed prior to the final adjustments.

Never has the post-war British injunction, "export or die," held greater force. As the very large home market vanished, GEC, living off its dwindling domestic backlog, moved to turn sporadic overseas successes into a way of life.

The company had two prime assets. First, "the British power supply industry was one of the biggest and most advanced in the world." The GEC business had built up a wealth of operational experience: "maybe we hadn't managed it very well," but it did provide Dr David Kalderon, the Engineering Director, with his platform.

The technical strategy drawn up in order "to have a future was to pool the best experience of both EE and AEI" to get a family of designs for the next ten years that was suitable not only for home, but for overseas customers.

Kalderon's brilliant idea was to standardise the steam turbines to a very high degree, enabling much longer runs of components. Production became "quicker, cheaper, more reliable."

"Winning Daya Bay was the Marathon of all Marathons."

Second, the management team that went out to sell Kalderon's modular designs was, in Davidson's view, "as good as any in the world." With Jim Cronin, assistant managing director and finance director, a key player, their problem was in most cases, in the wake of the miners' strike and the three-day week, "to convince people that Britain was a reputable place from which to buy." Davidson, who loves his facts and figures, measures GEC's success in the rise to total orders from 7,760 megawatts in 1970-75 to 10,000 megawatts in 1981-86.

Its share of the world export market, rising from 5.1 to 10.6 per cent, gave the business the largest exports per head in British engineering. In a world league of over fourteen players, GEC shot up the ladder to become second only to Mitsubishi of Japan.

AS those figures imply, the world market, very strong at the start of the Eighties at over 30,000 MW annually, has followed the British market downwards: 1986 saw only 12,000 MW ordered. In fact, Davidson is sure "the world market will come back. I see signs of that." The recovery should coincide neatly with the new CEGB programme that kicked off in April with GEC's Sizewell nuclear contract (for two huge 600 MW turbine generators).

That all makes Davidson "confident that we're going to sustain this business." But it doesn't reduce the imperative of fighting tooth and nail for the giant contracts like Daya Bay in China, which are coming at longer and longer intervals as the size of stations and turbines increases.

Winning Daya Bay was the "marathon of all marathons" – four years in discussion, two years of negotiation. For Castle Peak B, five months were required, including "30 days of intensive negotiation" in Hong Kong.

It should be stressed that these are not the jobs-at-any-price contracts that have done so much irreversible damage to once-great British industries like shipbuilding.

THE management which turned the turbine generator business into a world-class player came from English Electric and AEI. But GEC brought to the feast "an acute awareness of money – the need to control and to make a profit."

Being translated, that meant *"no factories, nor jobs"* unless Turbine Generators did precisely that – make a profit. It also generates a wonderful cash flow, since these long-running contracts (at least three years, sometimes seven) attract large payments up front and in progress.

Davidson has a ready home for cash: investment. At a cost of £12 million to £13 million a year, he has "some of the most modern capital plant in the world," while his total R & D budget approaches £20 million.

"The world is demanding even shorter times" for completion of power station projects, and Davidson prides himself (or his company) on completing ahead of schedule.

"We have some of the most modern capital plant in the world."

That demands "faster manufacture, more efficient procurement, better planning."

The planning is obviously far more extensive with a complete power station than a turbine generator alone. GEC went into power stations "deliberately," to meet the market situation, even though Davidson's company, while it receives all of a turbine generator's cost, gets only 20% of a station's value, and the rest of GEC another 10%. "If we had remained as a product-maker," though, "we wouldn't be so strong a company."

Its strength has doubtless been reflected in Davidson's own stature within the wider group. At 59, he is significantly older than most of GEC's company bosses, and the succession is much on his mind: "I'm actively engaged in preparing proposals for the next generation." A heavy hiring programme is in hand: *"I like to think" he says, "that there are worthwhile people to replace me."*

The order for Daya Bay/Guangdong project took four years to win. It was finally clinched on the 23rd September 1986. Bob Davidson (sitting second right) on one of the many negotiating trips along the way. Li Peng, the Vice Premier of China sits to his right.

NOR does his concern with management quality apply only to Turbine Generators. Davidson is one of the successful GEC company heads who have been given responsibility for several other businesses in the group.

How best to stimulate his other corporate charges is another of Davidson's current concerns, but "I'm reluctant to give up the turbine generator company because, without being immodest, I helped to make it what it is."

As to what that might be, Davidson is not a boastful man, and he means what he says: "One of the most successful companies in the world."

Robert Heller is Editor-in-Chief of Finance Magazine.

CONFLICT IN THE GULF

Too many guns in crowded waters

BY DAVID BUCHAN AND RICHARD JOHNS

"IF IN a crowded room every one has a gun, the chances of a conflict increase tremendously," a senior Soviet diplomat in the Gulf was quoted as saying recently.

The strategic waterway, through which one-sixth of the non-Communist world's oil passes, came closest yet to a major explosion on Monday with almost simultaneous incidents within 200 miles of each—both of them, one directly and the other indirectly, affecting naval powers which have intervened to protect shipping and freedom of navigation.

Only two hours after the UK-registered Gentle Breeze, a bulk carrier, had been attacked and set ablaze by a marauding Revolutionary Guards launch, the US Navy had its first direct clash with Iranian forces.

As it happened the Royal Navy's Armilla Patrol charged with affording a measure of protection to British-flagged vessels was far away from the Gentle Breeze waiting off the coast of Fujairah in the Arabian Sea having just met up with the four minesweepers dispatched from Rosyth last month. The merchant vessel was struck, anyway, at a point north of Bahrain beyond which the task force does not venture.

Far more ominous was the US Navy's interception of, and encounter with, the amphibious landing craft found laying mines. Since US convoy operations began on July 21 the nearest that the Americans had come to striking a direct blow was on August 8 when a carrier-borne F-14 Tomcat fighter unleashed two missiles at an Iranian jet spotted on its radar which had flown too close for comfort to an unarmed US surveillance aircraft.

At this juncture, at least, the danger is not one of a confrontation between US and the Soviet Union within the narrow confines of the Gulf but rather a wholesale collision between the American flotilla — the largest amassed since the Vietnam War — and marauding Revolutionary Guardsmen who may not be fully controlled by the more pragmatic leaders in Tehran. Any escalation would, of course, have wider implications for super-power relations.

The Western Armada in, or bound, for the Gulf or the nearby Arabian Sea now totals 50. Most of the vessels deployed, it should be emphasised, are outside the Strait of Hormuz. Yesterday the Pentagon gave an official tally of 29 vessels mobilised—11 inside the waterway and 18 outside the Strait of Hormuz. The French aircraft carrier Clemenceau was docked far away at Djibouti.

While the Italian task force was proceeding through the Suez Canal, minesweepers dispatched by the Netherlands and Belgium were about to rendezvous in the Bay of Biscay. The West European effort, which looks as if it will be largely co-ordinated, will be concentrating very much on minesweeping well away from the main danger zone in the "tanker war" itself.

The US Navy acknowledges its deficiencies in mine hunting and was especially embarrassed when the reflagged Bridgeton, which it was protecting, was hit by one on July 24 near Farsi Island, the area where the Gentle Breeze was assaulted. No minesweepers accompanied the reinforcements sent to expand and strengthen the force originally assigned to the region. Only now is a force of six minesweepers with a mother-ship about to join the flotilla.

It appears that in the absence of a ceasefire the main, if not total, responsibility for policing the upper and middle reaches of the Gulf will rest on American shoulders.

The US fleet has awesome firepower, particularly in the Arabian Sea where there are battle groups led by the aircraft carrier USS Ranger with 90 aircraft on board and the battleship USS Missouri

If set against Iran's regular navy total fleet of 10 frigates, destroyers and corvettes and fast partol boats there would be no contest. The force, essentially put in place by the late Shah, has for the most part kept a discreet distance—unlike the Revolutionary Guards to whom prime responsibility has clearly been given for disrupting shipping bound for Kuwait and now, it seems, Saudi Arabia as well.

The US attack on the Iranian amphibious landing craft caught laying mines shows that the US forces have been given a fairly free reign to interpret their right of self-defence. The Pentagon says that the Administration regards the planting of mines as a hostile act and will react to it as such.

Retaliation against shore-based installations such as Silkworm missiles would presumably only be in response to a direct assault on the convoy.

In contrast, these European countries which have deployed, or about to deploy, any offensive naval capability in the region seem to have much tighter rules of engagement—though like the US they decline to explain what they are. The UK Ministry of Defence said yesterday that the assault on the Gentle Breeze had not changed UK policy. It is that any attack on a merchant ship "in the close company" of a Royal Navy vessel would be regarded as an attack on the warship itself and the right of self-defence would be exercised.

British warships clearly are not going to go in hot pursuit of Iranians up and down the Gulf. Unlike the US Navy, the Royal Navy and its counterparts with offensive capability France and Italy—are not providing a full escort service. Rather they accompany merchantmen of their own flag.

The Royal Navy is to give protection, however, to the minesweeping units on their way from the Netherlands and Belgium which are under joint Dutch command.

Despite all the recent attacks on third-party shipping the only formal state of belligerence in the Gulf exists between Iran and Iraq. All the others—including the Soviet Union with one or two destroyers and two or three minesweepers acting more as patrol boats, have peacetime rules of engagement to obey. And these are based, more or less, on the right to self-defence.

So far the US intervention in the Gulf, prompted first by the Soviet decision to charter Kuwait tankers and the attack on the USS Stark, has tended to intensify the "tanker war" rather than defuse it — because Washington has been incapable of restraining Iraq and an attempt at retaliation by Iran against every attack on its oil traffic is a political inevitability. At the end of August, Iraq lifted a six-week moratorium it had imposed out of respect for UN Security Council resolution 598. The result was 15 attacks against shipping in a bare week.

Predictably, Iran has threatened vengeance for the loss of the amphibious craft which it claims was an unarmed cargo vessel. In practice, it must be assumed that it will continue to try to avoid direct clashes with the US naval flotilla. Yet even if wiser pragmatic counsels continue to prevail in Tehran the danger is that events may get out of hand as a result of hot-headed action by seaborne Revolutionary Guardsmen

Clearly, if there is a further naval escalation in the Gulf war it will almost certainly arise from a confrontation between Iran and the US — which has its own dangerous, gung-ho tendencies. Before embarking on that, Washingtion will have to weigh up whether it is prepared to risk the lives of existing American hostages in the hands of Iran's henchmen in Lebanon and an intensification of terrorist outrages against its interests worldwide. Even if it is prepared to take such a risk there is a further consideration: the Administration would be sorely embarrased if American prisoners were taken on Iranian soil.

If matters get seriously worse, the most likely retaliation option for the Americans would be missile attacks on Iranian targets rather than any amphibious landing or even air-raids which could leave prisoners in the hands of Tehran's clerics. But the use of the Missouri's Tomahawk missiles, with a range of 2,500 km, would amount to a major escalation which Washington could hardly contemplate, in terms of other global and strategic policy objectives such as nuclear disarmament.

NAVAL DEPLOYMENTS

US	
Battleships	1
Carriers	2
Destroyers	-
Frigates	10
Minesweepers	8
Support Vessels	9

Belgium	
Battleships	-
Carriers	-
Destroyers	-
Frigates	-
Minesweepers	2
Support Vessels	1

Netherlands	
Battleships	-
Carriers	-
Destroyers	-
Frigates	-
Minesweepers	2
Support Vessels	-

France	
Battleships	-
Carriers	1
Destroyers	2
Frigates	-
Minesweepers	3
Support Vessels	2

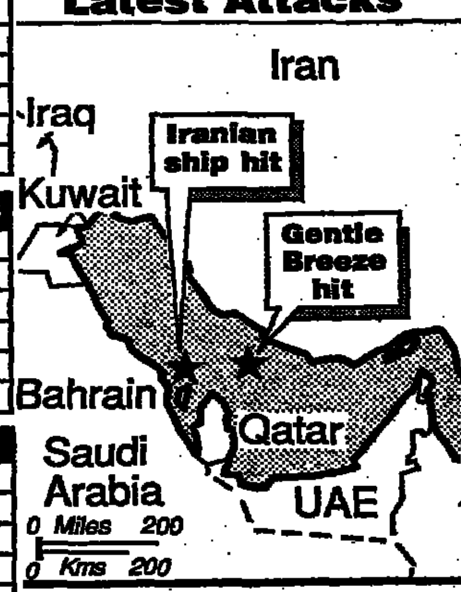
Soviet Union	
Battleships	
Carriers	-
Destroyers	-
Frigates	1-2
Minesweepers	2-4
Support Vessels	-

UK	
Battleships	-
Carriers	-
Destroyers	1
Frigates	2
Minesweepers	4
Support Vessels	3

Italy	
Battleships	-
Carriers	-
Destroyers	-
Frigates	3
Minesweepers	3
Support Vessels	2

Iran	
Battleships	-
Carriers	-
Destroyers	-
Frigates	7
Minesweepers	-
Support Vessels	-

Latest Attacks



Seeds of war lay in double rivalry

By Edward Mortimer

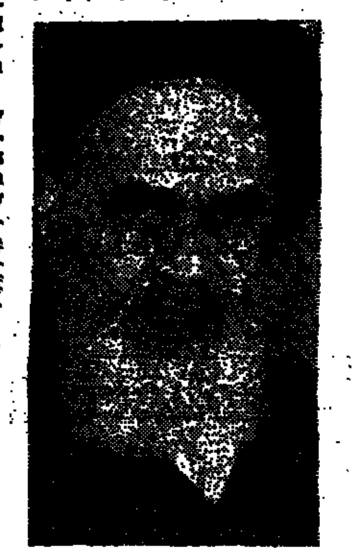
ALTHOUGH Iraq insists that it did not start the war, the Iranian case on this point is not seriously disputed by anyone else. The full-scale war began on September 21-22, 1980 with an Iraqi offensive, accompanied by an attack on 10 Iranian airfields, and leading within two days to the encirclement by Iraqi troops of two major Iranian cities, Abadan and Khorramshahr.

The crisis had been escalating for some time before that, with frequent border clashes. But in that escalation, too, Iraq had taken two crucial steps—sending troops into Iran at the beginning of September to "liberate" a 76 sq km zone which it claimed Iran had "usurped" 10 years earlier, and on September 17 formally denouncing the Algiers agreement of 1975, by which the two countries had been officially reconciled and had settled their border disputes.

The conflict was, and still is, of a dual nature: a historic rivalry between two states, based on ethnic and geographical differences; and a clash between two rival ideologies—secular Arab nationalism on one side and universalist revolutionary Islam on the other.

Some would add a third, the age-old conflict between Sunni and Shia Islam, but this was really only an aspect of the interstate conflict. Iran as a state had been Shia since the 16th century. Iraq was one of the successor states of the Sunni Ottoman empire, and most of its rulers were and are Sunnis (though the Vice President at the time, now foreign minister, Mr Tariq Aziz, is a Christian).

The fact that the Islamic revolution happened in Iran and was carried out by Shias gave it a special appeal to Shias elsewhere, not least in Iraq, where, although traditionally the underdogs, they form most of the population. But its message was never addressed exclusively to Shias. It seeks to unite all Moslems everywhere against corruption and imperialism. Similarly, Iraq's ruling Arab Ba'ath Socialist Party has never made any distinction between Sunni and Shia Islam.



Ayatollah Khomeini: 13-year exile in Iraq

Before the revolution in Iran there was a straightforward rivalry between Iraqi Arab nationalism and Iranian Persian nationalism — the former presenting itself as radical and backed by the Soviet Union, the latter presenting itself as a force for stability and backed by the West.

Iran was the stronger power and had the best of the argument. By backing a Kurdish revolt within Iraq, the Shah forced the Ba'athist leaders in 1975 to accept his terms, including notably the redrawing of the frontier along the thalweg (the median line of the deepest channel) in Shatt al-Arab waterway, instead of along the eastern bank.

When the revolution threw Iran into chaos in 1979 Iraq revived its claims, while the new rulers in Iran threw out a challenge to all established regimes in Moslem countries, especially that in Iraq which they regarded as atheistic and (with some justification) oppressive. They had a strong interest in Iraq because the holy Shia places are there, and the Shia clergy of the two countries are closely inter-related.

Ayatollah Khomeini had spent 13 years in exile in Iraq, and the Iraqi Government had made the mistake of expelling him in October 1978 in an attempt to preserve its good relations with the Shah. Nor surprisingly, therefore, much of the post-revolution Iranian propaganda was directed at Iraq, and especially at inciting the Shia population to rebel.

It found some echo, and in April 1980 there was an attempt on the life of Vice President Aziz, in retaliation for which Iraq expelled a large number of "Iranians" who had been resident in Iraq for generations, as well as executing a revered Iraqi Shia leader, Ayatollah Muhammad Baqir al-Sadr.

Iran's attitude in 1980 offered both a strong provocation to Iraq and an apparently golden opportunity, since Iran appeared in no shape to resist a really determined military offensive. That was the origin of an Iraqi miscalculation for which both countries have been paying dearly ever since.

Britain rules out boosting patrol

BRITAIN'S defence chiefs yesterday ruled out increasing the Armilla Patrol of warships in the Gulf in the wake of the attack on the tanker Gentle Breeze, PA reports.

Although outraged by the Iranian attack, they are viewing it as a one-off event and consider a change of policy at this stage to be too hasty.

The problems of maintaining current commitments and the huge costs involved also helped rule out any increase in the Armilla deployment.

The Armilla Patrol operates in the southern stretches as far north as Bahrain with two warships in the area at any one time. The patrol, which began operations in 1980, offers help, advice and assistance to British shipping and accompanies those vessels which request an escort.

Mrs Margaret Thatcher, the Prime Minister, said the attack underlined Britain's position that both sides in the Gulf conflict should accept a ceasefire. "We must go immediately to an arms embargo on that side that does not accept it," she added.

She said Britain was trying to co-ordinate with other navies so that they could defend shipping in different areas of the Gulf.

The area was far too big for one navy to try to defend and it was unlikely that Britain could spare more ships to be sent to the conflict zone.

The Prime Minister said: "We must together coordinate and liaise between us and try to provide protection for the merchantmen on whom our livelihood depends."

Britain has so far concentrated its forces in the Straits of Hormuz but the attack on the Gentle Breeze had occurred further north.

Mrs Thatcher said she hoped that liaison between navies would lead to cover in other areas.

She said of the attack: "This was a disgrace, an absolutely outrageous attack, a rocket attack on an innocent merchantman with no defence and it hit the crew's quarters.

"We simply must keep that Gulf waterway open for ships going about their lawful duty and without which we couldn't hope to exist."

Kuwait pessimistic about peace prospects

BY ANDREW WHITLEY IN KUWAIT

"Why are you pressing for a peaceful settlement?" a senior Iranian Foreign Ministry official asked the former Kuwaiti charge d'affaires in Tehran earlier this summer. Without waiting for an answer, the Iranian went on bluntly: "We want to continue the war. So why do you bother to intervene?"

That anecdote, related a few days ago by Mr Suleiman Majid al-Shaheen, Under-Secretary in the Kuwaiti Foreign Ministry, goes a long way to explaining why Kuwait is currently so pessimistic about the chances of any moderation in the Iranian position towards the seven-year war.

At the same time, it illuminates the near contempt in which Iran holds its small and vulnerable neighbour.

"Iran's behaviour springs from history, not the reality of today," said Mr Shaheen, referring to the ancient quarrel between Persians and Arabs. "What we are seeing is a Persian renaissance, using Islam as an ideology."

Its motives may date back to the Achaemenid Empire in the sixth century BC, but the threat to Kuwait is a contemporary — and potentially lethal — mixture of Iranian-backed sabotage and Chinese-made surface-to-surface missiles fired from just across the waterway.

Diplomatic observers have not noted any increase lately in the level of Iranian support for dissident Kuwaiti Shias. On the other hand, Monday night's unusually fierce attack in the northern Gulf on the Gentle Breeze, the Kuwait-bound British tanker, was as clear a signal as any.

Sheikh Sabah

One large bone of contention stems from Kuwait's decision earlier this year to ask Moscow to help safeguard its oil exports through the Gulf from Iranian attack. This was the move, little noticed at the time, which led inexorably to the presence today of a 78-ship-strong foreign armada, including 34 US and six Soviet warships, in or near the Gulf.

"We don't like amateurs playing the big powers," sniffed an Iranian diplomat in Kuwait.

Coming from the Iranian Foreign Ministry headed by Mr Ali Akbar Velayati, regarded in the West as one of the country's more pragmatic or softer line leaders, what these remarks about Kuwait suggest is that the tenor of Tehran's statements should be judged more by their intended audience than by the speaker.

The fact that Iranian Revolutionary Guards were audacious enough to lay a broad carpet of mines across international waterways not far from Bahrain — home base to the vastly expanded US Middle East Command — on the eve of President Ali Khamanei's address yesterday to the UN, speaks more eloquently about Iran's intentions than any leaked suggestions of an unofficial ceasefire.

If Mr Khamanei had entertained any thoughts of responding positively to President Ronald Reagan's call on Monday for Iran to observe Resolution 598, Western diplomats say they will have been banished by the two incidents of Monday night in the Gulf.

Holding out little hope for the current diplomatic efforts of Mr Javier Perez de Cuellar, the UN Secretary-General, what a jaundiced Kuwait would like above all is for the two superpowers to get together to impose a solution to the conflict. Otherwise, the Government fears, all its strenuous diplofatic efforts to avoid direct involvement will have been in vain, with potentially catastrophic results for Kuwait.

As always, Kuwait will not stick its neck out by acting alone. But beyond the proposed arms embargo on Iran, regarded here as "a must," Kuwaiti officials are exploring the idea of a global boycott of Iranian oil.

Sheikh Sabah, the Foregin Minister, would also certainly welcome a collective break in relations with Iran by either the six Gulf Co-operation Council countries or else by the full Arab League.

Support among Kuwaitis for the Government's decision to put its ships under foreign protection has grown over the past two months, although it is nowhere near as unqualified as the operation's proponents like to make out.

While there is relief that the arrival of West European navies has blunted the unwelcome attention on the US/Kuwait relationship, many intellectuals worry about the "nationalisation" of the war.

The story is told with relish around town about the Kuwaiti housewife who replaced the matrimonial bedspread with a US flag. How her husband responded to this display of ardour is left unsaid.

Shipping world keeps a stiff upper lip

BY LYNTON McLAIN

THE INTERNATIONAL shipping community reacted with almost lack of interest yesterday to the news that a US Navy helicopter had fired on an Iranian naval target said to be laying mines in the Gulf on Monday.

In the tanker charter market, vessels are booked about two weeks in advance of an oil company's requirement and there was no immediate reaction by the oil companies or the tanker owners to the attack. Vessels on charter and en route to oil loading terminals in the Gulf continued their passages yesterday.

Western shipping associations said they had no knowledge of member companies withdrawing from trading in the Gulf as a result of the war. The General Council of British Shipping said it had never had any member companies which decided not to trade. "The Gulf is a very important market for tanker operators and is very difficult to get back into once a company withdraws," the council said. "Companies trading in the Gulf have got to be regular and consistent customers."

London shipbrokers said tanker charter companies were barely breaking even on their trade in the Gulf. The profit on a 250,000 tonne tanker laden with crude oil could be about $4,000 to $5,000 to the tanker owner. This profit margin contrasts with the much higher profits possible for tanker owners two weeks ago. The oil company owning the oil could make more than $2m from the same vessel when the oil is sold on the market.

The council said the Royal Navy's Armilla patrol of frigates and destroyers now joined by mine sweepers, had been a great deterrent to Iranian frigates armed with Sea Killer anti-ship missiles.

There remains a huge surplus of tanker capacity on world markets. One stockbroker specialising in shipping equities said yesterday "a lot of people are still happy to risk it in the Gulf" and the war was good news for shiprepair companies.

THE SOVIET Union made a low-key response yesterday to the US naval attack on the Iranian vessel saying that the presence of foreign warships in the Gulf made such clashes inevitable, writes Patrick Cockburn in Moscow.

Mr Boris Pyadyshev, a Soviet Foreign Ministry spokesman, quoted the Russian playwright Anton Chekhov: "If there is a gun in the first act of a play by the third act it will be fired."

He also denied Western press reports that the Soviet Union had tilted towards Iran over the last two or three months and distanced itself from its traditional ally Iraq.

This is in keeping with Soviet reassurances to a high-powered Arab League delegation which visited Moscow earlier in September.

They were told that Moscow would ultimately support a UN Security Council resolution imposing an arms embargo against Iran.

Arab diplomats in Moscow also say Soviet officials told the delegation that a recent economic agreement between Moscow and Tehran would not be implemented for the moment.

Biden in new crisis after admitting inaccuracies

By Stewart Fleming in Washington

SENATOR Joseph Biden, the candidate for the Democratic Party's Presidential nomination whose campaign has been shaken by revelations that he has borrowed without attribution from the speeches of political leaders such as Senator Robert Kennedy and Mr Neil Kinnock, the British Labour Party leader, has admitted that last April he misrepresented his academic qualifications.

At a campaign appearance in New Hampshire, caught on cable television, Senator Biden turned angrily on a man who questioned him about his record at Syracuse Law School, saying: "I think I have a higher IQ than you."

He then went on to boast that he ended up in the top half of his law school class, that he had received a full academic scholarship and that he had graduated from college with "three degrees."

Faced with reports of the incident, Senator Biden has been forced to concede that none of the calims were accurate. He finished 76th in a class of 85 in law school, was only on a half scholarship, and has a BA in history and political science. "I exaggerate when I am angry," Senator Biden told the *New York Times* on Monday.

Although Senator Biden continues to insist that he will stay in the presidential race, political analysts are increasingly coming to the conclusion that the arduous process through which American political parties choose their candidates is about to claim another victim.

There are reports that the revelations have begun to have an adverse impact on morale among Senator Biden's staff and on the willingness of supporters to provide funds. Senator Biden has also dropped out of a debate among the candidates due to be held in Iowa this weekend because of the confirmations hearings for Judge Robert Bork before the Senate Judiciary Committee, which he chairs.

Senator Biden maintains that the storm will blow over. But political analysts question this. His strengths as a candidate were supposed to be his ability as an orator and the passion of his commitment to the causes he champions. Now his oratorical skills are being devalued and his commitment tainted with the charge that it is synthetic.

The latest incident revives a concern felt by supporters from the beginning of his campaign, namely that his quick temper and a tendency to lose control of his tongue would get him into political hot water.

Arias may delay Central America peace deadline

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Oscar Arias of Costa Rica hinted strongly yesterday that he wanted to postpone the November 7 cease-fire deadline which is a key part of his Central American peace plan.

In remarks prepared for delivery to members of the US Congress, President Arias said some steps in the plan needed more time to implement than others. "We will *not* fall into a trap set by someone who shows us a calendar every day, anxious to bury the last hope."

President Arias met President Reagan at the White House before addressing Congress, which is deeply divided about the US role in Central America and its support for right-wing Contra rebels fighting the Sandinista government in Nicaragua.

President Reagan — an acknowledged sceptic about the Arias plan—told the Costa Rican leader that he was concerned about the Sandinistas reneging on their commitments, a sort of "sham compliance to the plan." He called for direct negotiations between the Nicaraguan government and the Contras and a cease-fire.

But he made clear he wanted the Contras to be kept alive through more US aid, a senior Administration official said. Next week, when the present $100m batch of Contra aid runs out, he intends to seek a further $270m to last the 18 months.

President Arias opposes a renewal of Contra aid, saying it gives the Sandinistas an excuse to wriggle out of their commitments to the Arias peace plan. "War signifies the failure of politics; let us restore faith in dialogue and give peace a chance."

President Arias has long expressed doubts whether the Sandinistas could carry out the democratic reforms envisaged under his plan. But he appeared to have won a concession from Managua at the weekend when the Sandinistas lifted an 18-month ban on opposition newspaper La Prensa.

The White House expressed guarded support for the move, but President Reagan addressing the United Nations General Assembly last Monday castigated the Sandinistas and declared he would not accept "phony democratisation."

Peter Ford on the reopening of Nicaragua's opposition newspaper

Tenacity pays off for La Prensa

THIS WEEK'S reopening of La Prensa, the newspaper banned for the past 15 months, may not be the biggest step Nicaragua's Sandinista Government will have to take towards democracy under Central America's new peace plan. But it is certainly most symbolic.

The country's sole opposition daily has won its reputation not so much for the quality of its reporting as for the tenacity of its independence from Nicaragua's rulers.

Under Pedro Joaquim Chamorro, its former editor, La Prensa became the leading voice of protest against the Somoza dictatorship. Under Chamorro's wife, Violeta, it developed into a champion of dissent from the Sandinistas.

The 61-year-old paper's history is tightly bound up with the history of the 1979 Sandinista revolution. And for many observers, particularly US congressmen, its fate has become a touchstone by which to judge that revolution.

It was Pedro Joachim Chamorro's assassination in 1978 that catalysed broad support for the Sandinista cause and drew international attention to the gathering insurrection in Nicaragua.

Mrs Chamorro took the paper over, maintaining its fiercely anti-Somoza line, until shelling by Government roops forced her to close a few days before the July 19 1979 revolution.

Opposition supporters demonstrating against the closure of La Prensa

In the mantle of her martyred husband, Mrs Chamorro was a member of the first revolutionary junta. She resigned after nine months, however, pleading health problems.

Political differences with the Sandinistas were the real reason for her departure, as became clear from La Prensa's increasingly hostile attitude to the new regime. Subjected to censorship in 1982, the afternoon daily failed to appear dozens of times when the censor had left gaping holes in the news pages.

When the US Congress voted $100m in aid to the Contra guerrillas in June 1986, the Sandinistas retaliated by closing La Prensa indefinitely, accusing it of "provocation, disinformation and seeking to justify North American aggression" against Nicaragua.

The paper's tortured relationship with the Sandinista revolution is reflected in the starkest terms in the Chamorro family's political divisions.

Mrs Chamorro's elder son, Pedro Joachim Jnr, is a member of the Contras' political directorate. Her younger son, Carlos Fernando, is editor of the Sandinista party organ, Barricada.

Her Elder daughter, Claudia, is the Nicaraguan Ambassador to Costa Rica. Her second daughter, Cristiana, is editorial page editor of La Prensa.

Over the 15 months that the paper has been closed, many of its reporters have left nicaragua and much of its equipment has been sold in order to pay salaries, according to Mrs Chamorro. This may delay its reopening and will certainly complicate operations.

Mrs Chamorro has said she is counting on donations from "friendly newspapers abroad" to keep La Prensa running, though this is a politically delicate issue.

While the paper was publishing, the Sandinistas regularly accused if of receiving covert funds from the US Government. "We will have to assume that La Prensa will not be living only off 20-peso subscriptions from 60,000 readers," a senior official said here last weekend.

Peruvian senate axes foreign bank takeover

By Barbara Durr in Lima

PERU'S Senate has voted to exclude foreign bank branches from the country's controversial bank nationalisation law.

President Alan Garcia had wanted foreign bank branches to be prohibited from operating in the local market and be reduced to representative offices. Subsequently, the Government realised that it stood to lose over $80m per year in international trade credit lines extended by the foreign bank branches

Peru's position in trade credit lines is becoming critical as net foreign currency reserves in the central bank dropped to $535m, the lowest point in several years.

Lima's five remaining foreign bank branches are legally obliged to extend hard currency credit lines in proportion to their local deposits.

The ruling party's adversaries in the Senate, on both the left and the right, opposed the legislation's provision to leave foreign branches untouched. They argued, without effect that it was unconstitutional because treatment of Peruvians and foreigners must be the same under the constitution.

The Senate's prolonged debate of the legislation is likely to finish this week.

Congress votes $6bn to bolster farm credit

By Nancy Dunne in Washington

THE US House of Representatives has voted to prop up the ailing Farm Credit System with a bill providing up to $6bn over the next five years.

The bill creates a Temporary Assistance Corporation to provide interest-free funds to the system's banks and lending cooperatives.

The House Agriculture Committee is expected to request $2.5bn for fiscal 1988 for the system, which has lost $4.8bn since 1985.

In passing the legislation, the House put off for two weeks debate on a more controversial section of the bill which would establish a secondary market for farm mortgages, backed by a government guarantee.

The secondary market is supported by commercial banks and insurance companies, but it has run into trouble with congressmen who say it does not provide sufficient regulatory protection.

Bankers argue that they are as entitled to assistance as the farm credit system because both have suffered losses

Bankers gloomy on Brazil debt talks

Political uncertainty is likely to undermine talks this week on a Brazilian plan for dealing with the debt crisis, writes Alexander Nicoll

BANKERS fear talks on Brazil's debt starting in Washington on Friday will be little more than a preliminary round and that any agreement is months away. This is despite Brazilian officials' intention to submit a plan for dealing with the debt crisis and the fact that after the meeting, the participants and thousands of other officials and bankers will attend the annual meetings of the International Monetary Fund and World Bank.

In that hothouse atmosphere, deals have been struck several times with the biggest Third World debtors since the debt crisis erupted five years ago. Last year, as in 1982, the focus of attention was Mexico. Banks were corralled into an agreement to which most of them objected.

This year, however, it seems unlikely that there will be political pressure for an immediate accord, even though banks have received no interest on $68bn of loans for seven months and US banks in October may face an official downgrading of Brazilian loans which would force them to make new loss provisions.

Though it remains possible that Friday's talks could be extended into a much more serious attempt at an agreement, they seem more likely to be the latest in a series of opening shots attempted since interest payments were suspended in February. Bankers will at least hope that they do not, like the previous tries, turn out to be a false start.

The most important reason why no substantial progress is likely is the domestic political situation in Brazil. The country is in embroiled in debates over the form of its new constitution, which will determine the term of the presidency and the form of government—each of which will be critical for the administration of President Jose Sarney.

Municipal elections in November will also provide a key test of the ruling party's popularity.

Bankers believe that little can be achieved before these events are out of the way. In particular, it will be difficult for Mr Luiz Carlos Bresser Pereira, the Finance Minister, to be explicit about whether and exactly how he will return to the IMF for an agreement backing economic policies.

Though he has not released details of the plan, the indications are that it will be along conventional lines: a new loan of $7bn to finance interest payments, a rescheduling of existing debt, and incorporation of the "menu of options" approach adopted for this year's package for Argentina.

It is expected that the proposal will include some form of interest capitalisation, either as an option to be offered to banks or containing a more compulsory element: perhaps that banks which did not put up new money would not receive interest — effectively having their interest capitalised for them.

Though quite a few banks would privately welcome the latter idea since it would eliminate the chronic problem of "free rider" banks—which do not put up new money but receive interest out of the new money lent by other banks—it would nevertheless set the stage for very difficult negotiations.

Other elements of the plan will include a request for a lower interest margin than the 13/16 of a percentage point obtained by Mexico and Argentina, a debt/equity conversion plan, and some form of the loan/bond conversion plan touted by Mr Bresser Pereira earlier this month and rejected by the US Administration.

The key question for the banks, however, will remain the Brazilian economy. At the United Nations this week, Mr Roberto de Abreu Sodre, the Foreign Minister, said Brazil accepted its international obligations, but would not sacrifice its own development.

"No one can claim that Brazil has not made every effort on its own to overcome its difficulties. Brazil cannot, however, jeopardise its development," he said.

US warns EC of sanctions in hormones row

BY PETER MONTAGNON IN WASHINGTON

THE REAGAN Administration has served notice on the EC that it will start preparing trade sanctions by the middle of next month if member-countries do not agree to delay their proposed ban on hormones in meat.

The ban, which is due to come into effect on January 1, has angered US meat producers who export $135m-worth of meat, mainly in the form of offal, to Europe each year.

The latest US move underlines the likelihood that the hormones issue will, as long feared by officials in Europe, become the focus of a fresh transatlantic trade dispute.

The EC argues that the hormone ban responds to strong pressure of public opinion, is non-discriminatory in that it applies to all sales of meat within the Community and is therefore not a legitimate subject for trade action.

It is expected to retaliate if the US does introduce sanctions once the ban becomes effective in January.

Previous agricultural disputes such as the recent quarrel over pasta exports have been resolved through negotiation, but officials believe the hormone issue is likely to prove much more difficult.

This is because there is little room for compromise between an outright ban on hormones and maintaining the status quo.

US arguments that there is no scientific evidence for hormones being a health hazard cut little ice in Brussels where officials point to the strength of public feeling on the issue.

● Tim Dickson adds from Brussels: The hormones issue has aroused fierce controversy inside the European Community as well as outside, and officials in Brussels are bracing themselves for further assaults in the run up to January 1.

All eyes meanwhile will be on developments in the European Court of Justice in Luxembourg, where Britain has challenged the legality of the decision by the council of Ministers in December 1985 to implement the prohibition.

The UK case, which hinges both on the treatment of the available scientific evidence and on alleged infringements of decision making procedure, was presented in June by Sir Patrick Mayhew, the Attorney General, in a move which was widely seen as a sign of the importance London attaches to the issues involved.

The opinion of the courts' Advocate General which in the majority of cases is reflected in the final judgement, is scheduled for October 14.

All member states except France have now passed national legislation to comply with the EC directives requirements.

The hostility in some quarters to the ban, however, was spelt out recently in Brussels by Dr James Gillin, chairman of the Animal Health Institute, who said that the decision was "shortsighted" and would "adversely affect beef production in the EC and possibly available supplies of variety meats

Challenge by Japanese typewriter exporters

By William Dawkins in Brussels

FIVE Japanese electronic typewriter exporters yesterday launched a legal challenge to the way in which the EC works out anti-dumping penalties.

The companies, Brother, Silver Seiko, Sharp, Canon and Tokyo Electric, are attempting to annul anti-dumping levies of between 21 per cent and 35 per cent imposed on their EC sales in June 1985. They argued at a preliminary oral hearing at the European Court of Justice in Luxembourg that the Commission had unfairly calculated the different Japanese and EC sales prices that go into its anti-dumping calculations.

This is only the second time that the EC has faced a legal threat to the methods it uses to set such levies—as opposed to straightforward appeals against the duties themselves and its outcome will affect the Community's powers to penalise under-pricing in all sectors.

Sir Gordon Slynn, the Court's advocate general, is expected to produce an opinion early next year, which will probably be a firm guide to the final judgment, possibly by Easter.

All the companies in the case are being investigated by the Commission in a separate action against alleged dumping of components in the EC. The components inquiry is the first use of tough new Community trade laws to stop exporters from avoiding anti-dumping duties on assembled imports by setting up basic assembly plants in the Community.

The Japanese have been given until October 2 to present their case to Brussels.

David Owen on the delays that could hit arms bidders in a developing market

Traps in Canada's defence hunting ground

MR GEORGE YOUNGER, the UK Defence Secretary, used the occasion of a hectic three-day visit to Canada last week to say that he was "particularly pleased at the growing collaboration taking place between defence industries in both our countries."

His enthusiasm is easily explained. The Mulroney Government's proposal to beef up national defence spending—by more than 2 per cent a year in real terms for the next 15 years—shows every sign of turning Canada into a happy and profitable hunting ground for the UK defence industry.

While the only bilateral deal announced during Mr Younger's visit was a £17.1m purchase by the UK of Canadian-manufactured magnetic anomaly detectors, used for tracking submarines, this is small fry compared with the trade that could flow in the opposite direction.

Altready, the Westland-Agusta Anglo-Italian helicopter consortium has been picked as the prime contractor for a C$2bn project to supply the Canadian navy with at least 28 maritime helicopters.

In addition, BP-owned Bristol Composite Materials Engineering is in the process of forming

George Younger

a joint venture with General Systems Research of Edmonton in a bid to capture a C$50m contract to make external fuel tanks for the CF-18 aircraft programme. McDonnell Douglas is supplying 138 CF-18s at the rate of two per month in a programme scheduled to finish in September 1988.

The prime concern of the moment, however, is the race to sell Canada a nuclear submarine design. Canada is planning to enter the exclusive nuclear submarine club with the purchase of up to 12 vessels at a total projected cost of at least C$8bn, including training, infrastructure and weaponry. A decision on the design is expected by February 1988.

The Canadians aim to keep at least 65 per cent of the programme at home. The main contract will be awarded to a domestic shipyard that can maximise local content while minimising the financial and technical risks inherent in adapting a foreign design.

The two apparent contenders are the UK's Trafalgar class, made by the recently-privatised Vickers Shipbuilding and Engineering of Barrow-in-Furness, and the Rubis class made by the state-owned French yard at Cherbourg. The US-made Los Angeles class submarine is said to be too big and expensive for Canadian needs.

At 5,200 tonnes the Trafalgar submarine is nearly twice the size of the Rubis and could, observers feel, be about 20 per cent more expensive. The UK design may have the edge, however, in terms of operational experience — its French rival did not appear until 1982.

"I am very confident," Mr Younger said during last week's visit, "that the British Trafal-

Mr Clayton Yeutter

gar class submarines . . . will be extremely competitive with anything else that can be put up, if you take into account what it can do and its reliability."

In the heat of the race, however, it is all too easy to overlook a number of potential stumbling blocks that stand in the way of the programme's implementation.

First, Vickers needs US approval for the re-export of the Trafalgar's US-designed reactor. While Mr Younger promised to do "all we can" to resolve any such problems, observers feel that the US may be reluctant to sanction the distribution of sensitive nuclear submarine data to the Canadian shipyards which would bid for the Trafalgar contract.

The second problem is the current unpopularity of the Conservative Mulroney administration.

As things stand the main contract is not expected to be awarded until 1990—some months after the next general election is due. Failing a change of heart by the two principal opposition parties, both of whom are opposed to the acquisition of nuclear-powered submarines, the implementation of the programme appears to hinge on the re-election of a Conservative government in 1989. This, to put it kindly, is by no means a racing certainty.

Although the selection process may be accelerated to enable a decision to be reached before an election is called, Canada's accession to the ranks of nuclear submarine-owning nations is, in short, still far from assured. Shipbuilders in Lancashire or Normandy should think twice before putting the champagne on ice.

South Korea exports up 20%

BY MAGGIE FORD IN SEOUL

THE recent wave of Labour unrest in the wake of democratic moves in South Korea has affected the economy less than originally forecast according to trade figures released yesterday by the central bank.

Exports in August at the height of the unrest grew by 20 per cent compared with the same month last year and the surplus on the current account of the balance of payments reached $468m compared with $569m in 1986.

South Korea's trade surplus was $169m, according to the Bank of Korea figures. The Ministry of Trade and Industry had earlier forecast that the surplus would only be $94m. The disputes mainly hit car exports, which decreased by 2.1 per cent in August compared with the previous year. Machinery exports increased by 52 per cent, toys by 48 per cent, textiles by 29 per cent and electronics by 28.5 per cent.

The official figures confirm the views of local and foreign businessmen that the strikes, which have almost ended, have had relatively little effect on the economy.

The increase in invisible earnings helped the country record a current account surplus in July of $1.1bn, another record. The surplus for the first seven months of the year has now reached $5.8bn against a total for the whole of 1986 of $4.8bn.

This performance has sparked renewed irritation in Washington. Mr James Baker, the US Treasury Secretary, is reported to have sent a letter to the Seoul government demanding further appreciation of the won which has recorded a rise of about 6.4 per cent this year.

During the past two months of labour trouble, the won has remained static against the dollar.

Thousands of workers returned to work at South Korea's largest shipyard yesterday, ending the last major unresolved strike in South Korea's recent rash of labour unrest, AP reports from Seoul.

Only about 4 per cent of the 24,000-member work force refused to go back to work at the Hyundai Heavy Industries shipyard in Ulsan, company officials said.

"The situation is returning to normal rapidly," a Hyundai official said. "There still remain some problems to be solved, but we don't see any big turmoil here."

SOUTH KOREA's major companies are continuing their attempts to extract concessions from the Government to help them remain both profitable and competitive while paying higher wages to their employees.

A report issued yesterday by the research group attached to the Federation of Korean Industries, the employers' group, produced further evidence of the effect of "voluntary" donations on companies.

The donations, usually for political or welfare causes, are given by the companies at Government request and have increased by 40 per cent since 1985 to an average of 1.08 per cent of turnover, the report said.

Economists surveyed 118 companies, which claimed that if the "voluntary" donations were abolished, wage rises averaging 6.6 per cent could be funded without effect on profits or export prices.

Wage rises for the whole of 1987 in South Korea are likely to average between 15 and 25 per cent, businessmen say, following efforts by workers last month to increase their pay, which has lagged well behind productivity increases.

Yeutter sees need for changes in trade bill

SENATE and House of Representatives versions of an omnibus US trade bill both have provisions that will have to be changed to avoid a presidential veto, Mr Clayton Yeutter, US Trade Representative, said, Reuter reports from Detroit.

He cited a requirement in the Senate version that businesses give notice in advance of plant closings or layoffs, which he said would make US companies less competitive internationally.

He also cited a House provision that would force the president to retaliate against countries with trade surpluses with the US. That would violate some international obligations and provoke counter-retaliation, he added.

"The bills, both in the House and Senate, have major dificiencies that have to be corrected," Mr Yeutter declared.

"Congress must find a way to jettison those factors that are causing heartburn in the administration."

President Ronald Reagan was involved in formulating non-protectionist trade policy that includes encouraging economic growth of trading partners to create demand for US exports.

It also involved fighting unfair trade practices, with agreements such as those that for example, opened the multi-billion Japanese cigarette market and the Korean insurance market.

Commonwealth ministers to seek cheap loans formula

BY CANUTE JAMES IN BARBADOS

COMMONWEALTH Finance Ministers, at a two-day meeting starting here today are to seek a new formula for determining how poor countries can have access to cheap loans.

The ministers will also discuss new ways of easing the debt burden of small middle-income developing countries. The decisions will be taken to next week's meetings in Washington of the World Bank and the International Monetary Fund.

Some developing countries have been angered by the World Bank's use of the per capita income criterion to determine access to its concessionary window, the International Development Administration (IDA).

Countries whose per capita income exceeds $800 have been "graduated" by the World Bank from the category which can obtain cheap money from the IDA, while middle income states with a per capita income of about $3,000 cannot gain access to the Bank's funds.

"The continued use by the IDA and the World Bank of the per capita income level to determine access to its resources is absurd," said Sir Shridath Ramphal, secretary-general of the Commonwealth. "Unless we make, as part of our protest, the presentation of an alternative to per capita income we are not likely to make as much progress as we should."

Conference officials say there is general Commonwealth support for a change from the per capita income criterion, but that the precise form of the alternative is yet to be decided. Some Caribbean delegates contend that the per capita income should not be applied to countries with populations of less than a quarter million, while

The conference will also discuss ways of increasing the flow of new resources to developing countries from private commercial sources

developed Commonwealth countries think other factors, including the degree of openness of an economy, and its structure of production, should be considered.

The argument in favour of a change is supported by the problems of very small countries, such as the eastern Caribbean island of Monterrat, whose per capita income of $2,900 hides the fact that its population of 12,000 includes a small group of affluent retired people from the US and Canada, while most of the population is poor.

The conference will also discuss ways of increasing the flow of new resources to the developing countries from private commercial sources and international institutions.

"The amount of capital coming into regions like the Caribbean is drying up, and in Africa more money is coming out than is going in," Sir Shridath said.

Delegates say there is a basis for an agreed Commonwealth position on international debt to be put to next week's meetings in Washington.

Britain and Canada are proposing a mixture of measures, including the conversion of some loans to grants and a softening of terms on new and existing loans through the extension of grace and repayment periods and the reduction of inturest rates.

There is already however some indication that developed Commonwealth countries are less than enthusiastic about a proposal from the Caribbean to increase lending to indebted small middle-income developing countries.

The plan suggests a central monitoring role for the World Bank which would co-ordinate the flow of new funds to the debtor countries on the basis that they adhere to agreed programmes for the structural adjustment of their economies, and meet targets for economic growth, expansion of exports and a reduction of debt service ratios.

The plan suggests also that the bank reports to creditors on the performance of the borrowers. "This is not, as we have already heard suggested, a proposal to throw good money after bad," said a Jamaican government official.

UK NEWS

Farmers cut agricultural machinery investment

By Nick Garnett

THE RATE at which British farmers are investing in agricultural machinery is falling, posing a threat to the livelihood of some UK equipment suppliers and the continued high productivity of farming.

This is one of the main conclusions in a submission made to government ministers by the Agricultural Engineers Association whose 260 member companies account for almost all machinery output in the UK.

Mr John Young, the association's president, attacked government policy for causing some of the weaknesses in the British domestic machinery market, at a meeting between association representatives and *Mr John MacGregor, the Minister for Agriculture.*

Mr Young said the removal of capital allowances during the past three years and overly pessimistic statements by ministers about future EC farming regimes had hurt machinery sales in the UK. He also pointed out that farmers in some European countries had access to subsidised credit which could be used for purchasing machinery.

The total UK market for agricultural machinery, excluding tractors, and measured in US dollar sales, is little more than half that of West Germany and Italy and just over a third that of France. The UK tractor market is also smaller than its continental equivalents, partly because farms are smaller in continental Europe, which means more equipment is purchased in relation to acreage.

The association's submission recognises that UK farming is efficient compared with its main European competitors and says some of this has been due to advances in machinery.

The report says, however, that in the UK "for nine consecutive years the investment in new equipment and plant has fallen below the level needed to maintain a constant stock, as measured by depreciation. In round terms, net capital stock is estimated to have fallen by some 20 per cent in real terms from its peak level." It adds: "UK agriculture is, relatively, a low user of capital in the form of machinery."

Most European markets have witnessed some decline in spending but the association says the fall in the UK has been much worse than elsewhere.

Michael Donne reports on plans for a powerful new jet engine

Rolls-Royce aims for 'big thrust'

ROLLS-ROYCE, the UK aero-*engine manufacturer, is intensi*fying studies into the possibility of developing a new version of the best-selling RB-211 jet engine. It may be able to launch it around the end of this year.

The RB-211 is already a "family" of engines. There have been nine variants of the engine so far, and sales to date have amounted to more than 1,500. The most recent version, now under development, is the 524H.

All variants have evolved from the original 22B engine, on which heavy development expenditure bankrupted the company in 1971, leading to its takeover by the Government. Rolls-Royce's continued confidence in the RB-211, resulting in the progressive development of the engine over the past 16 years, has paid off and the engine is now a substantial contributor to company profits.

In the first half of this year, turnover on civil engines amounted to £405m or 45 per cent of total turnover and contributed £85m to the operating profit of £152m.

How much of this was due to the RB-211 is not revealed, but it is likely to be substantial even though there are other profit earners such as the new Tay engine and a continued big *income from sales of spares for* earlier engines such as the Dart turbo-prop.

THE RB211 FAMILY

Engine	Thrust (lb)
RB211-22B	42,000
RB211-535C	37,600
RB211-535E4	40,100
RB211-524	48,000
RB211-524B	50,000
RB211-524C	51,500
RB211-524D	53,000
RB211-524G (previously known as RB211-524D4D)	58,000
RB211-524H (previously known as RB211-524D4D)	60,600
RB211-524L (previously known as RB211-700)	65,000

This success of the RB-211 is generating considerable pressure from world airlines for Rolls-Royce to continue its development. This is especially the case in what is called the "big thrust" end of the market, for engines of about 50,000lb *thrust and upwards.*

Rolls-Royce is strongly established in this market, in spite of competition from US rivals General Electric and Pratt & Whitney, with the CF6-80C2 and PW-4000 respectively.

However, a new breed of aircraft is coming, not only in long-range but also in short-to-medium range, requiring even more powerful engines. One example has been the recent British Airways specification of the 524H, which gives 60,600lb of thrust, for a fleet of 11 short-to-medium range Boeing 767-300s. These are high-density (250-plus seater), twin-engined aircraft.

General Electric and Pratt & Whitney are already moving into this arena. If Rolls-Royce wants to stay in this big league of engine builders it has to go with them.

It is not so much a question of whether Rolls-Royce should try to match the competition as whether it can afford to ignore it.

Most senior executives of Rolls-Royce are convinced that this next development of the RB-211, called the 524L, is essential. It will be aimed at a minimum of 65,000lb thrust, *with potential up to 70,000lb* and even beyond.

Recently Rolls-Royce invited the senior engineering directors of most of the world's main airlines to a two-day briefing session on the new engine at a Birmingham hotel.

The objective was two-fold - to tell them what the company was doing about "big thrust" engines for the future and to find out what the airlines wanted.

A mass of views and technical data emerged. From this Rolls-Royce over the next few weeks will evolve a specification for the 524L, with performance targets that can be built into sales guarantees, together with a development programme and marketing strategy.

A huge report will land on the boardroom table, probably before the end of this year, posing one simple question - does the company launch the 524L or not?

The chances are growing stronger that it will go ahead. The market for such a version of the engine is strong. *Most* of the company's senior executives are excited by the prospect and want to push ahead.

Race body urges use of contract compliance

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

THE COMMISSION for Racial Equality is to issue guidance notes this month on the introduction of contract compliance *schemes to help to eliminate ra*cial discrimination in employment.

The commission is trying to encourage the use of contract compliance, under which big purchasers of goods and services - like local authorities - require suppliers and sub-contractors to demonstrate that they are taking steps both to eliminate unlawful racial discrimination and to provide equal opportunities in recruitment and employment.

The commission will recommend that where particular racial groups are under-represented contractors should set themselves numerical targets for the recruitment or promotion of people from such minorities.

"Such equality targets are to be distinguished from quotas which involve imposing specific numerical limits to the recruitment and promotion of persons of particular racial groups. The implementation of quotas inevitably leads to unlawful racial discrimination because they require employment decisions to *be made on racial grounds rath*er than on job-related criteria."

Equality targets, on the other hand, act as a guide in indicating realistic levels of ethnic minority recruitment and promotion in a company which was taking all necessary steps to eliminate unlawful discrimination.

The commission's guidelines will stress that, if a contractor fails to supply information about its efforts to eliminate discrimination, it should not be disqualified from tendering without being given proper notice and an opportunity to make representations. These procedures could involve provisions for appeals and personal hearings.

"It is important that the removal of a contractor or potential contractor from a tendering list or other similar action is handled fairly with due regard to the principles of natural justice."

Lloyd's chief executive calls for central planning

BY NICK BUNKER

LLOYD'S of London needs a measure of central planning based on analysis of world insurance trends to bolster its competitive position in the international insurance market, Mr Alan Lord, chief executive of Lloyd's, said yesterday.

Mr Lord said that the market's ruling council needed to take a view "if only on the basis of alternative scenarios" about the likely direction and content of change in the industry.

In what officials at Lloyd's regard as a keynote address, Mr Lord told delegates at a marine insurance seminar in Houston, Texas, that Lloyd's could not afford to ignore factors such as the quality and strength of its international competitors.

Mr Lord emphasised that the actual direction taken by the Lloyd's market itself would be based on the "collective and aggregate" response of individual brokers and underwriting agents to commercial challenges.

The main thrust of his speech was that central planning was needed to ensure that the Corporation of Lloyd's - the market's central administrative secretariat - had the facilities available to support the 500 Lloyd's brokers and underwriting agents.

However, he also made it clear that one reason for this was that Lloyd's needed to plan ahead to ensure that it could compete internationally by offering high standards of service to worldwide customers.

His speech comes at time when Lloyd's is beginning to implement an electronic data network partly aimed at speeding up the flow of information, premiums and claims payments to and from its customers.

Mr Lord said the corporation's planning process had to involve scrutiny of the nature of worldwide growth in insurance premiums, the division of growth between different sectors of the market, and analysis of competitors' strategies.

Officials in the Corporation of Lloyd's are already at work on "scenario planning" aimed at picturing how Lloyd's is likely to trade in the future and how it will open itself up to new insurance markets.

Belfast MP jailed for tax protest

By Our Belfast Correspondent

MR PETER ROBINSON, Democratic Unionist Party MP for Belfast East, was jailed for seven days by Belfast magistrates yesterday for refusing to pay his road tax. His refusal is a protest against the Anglo-Irish Agreement.

As he was led from court to be taken to prison, Mr Robinson said the sentence was "a small price to pay" in maintaining the unionist campaign against the accord. He said he would not voluntarily pay any taxes while the agreement remained.

The MP was summonsed for *failing to have a valid tax disc* when his car was stopped by police last November on the eve of *the anniversary* of the signing of the agreement.

Mr Robinson told the court: "I have not yet paid the tax nor do I intend to pay it until the agreement is null and void."

He was fined £25 and ordered to pay tax arrears but opted instead for immediate arrest and imprisonment. Members of his party *later* held a protest outside the Crumlin Road jail where Mr Robinson was taken.

Mr Robinson is the third unionist MP to serve a jail term for their protests. Mr Harold *McCusker, MP for Upper Bann,* and Mr Ken Maginnis, MP for Fermanagh-South Tyrone, have each *spent* four days in prison for refusing to pay road tax.

Hurd announces tighter controls on firearms

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

TIGHTER controls on firearms in the wake of the Hungerford shootings were announced by Mr Douglas Hurd, Home Secretary, yesterday.

Legislation will be introduced to prevent private individuals owning semi-automatic self-loading rifles of the type used *by Michael Ryan at Hungerford.* Fully automatic weapons are already prohibited.

The introduction of the tighter controls will be accompanied by a firearms amnesty next year.

All burst-fire weapons and short-barreled smooth-bore guns will also be banned under the Government's proposals. Stricter controls will be introduced on other pump-action and self-loading shotguns. "Exceptionally good grounds will have to *exist for their purchase* and continued possession," *said* Mr Hurd.

Among a package of other controls announced by Mr Hurd yesterday, the *Government intends* to introduce a *statutory* condition on all shotgun certificates requiring the guns to be *kept safely locked away when* not in use.

The Government will also increase the penalty for possessing a *shotgun* without a certificate. It has already announced that the maximum penalty *for* carrying *firearms* in the furtherance of crime is to be raised to life imprisonment. Mr Hurd announced the tighter gun controls at the Police Superintendents' Association conference in Torquay.

Douglas Hurd: proposing tougher gun laws and firearms amnesty

"No one pretends that a tightening of firearms legislation is a guarantee against tragedy but I am sure that there is now an opportunity, which we shall press vigorously, to achieve a better balance between the interests of the genuine sportsman and the safety of the public as a whole," he said

Mr Hurd acknowledged after making his statement that his proposals were likely to be fiercely contested by shooting interests. This quickly proved to be the case.

Mr Richard Law, secretary of the Shooters' Rights Association, said: "It makes no sense. You cannot legislate against a madman, you can only penalise the law-abiding and that is exactly what *Mr Hurd* appears *to* be doing."

The National Rifle Association said *it was appalled by the* events of Hungerford but no legislation could guard against the *effects of someone becoming* unstable. It was concerned about bans which would prevent *many legitimate and responsible sportsmen* being able to take part in internationally recognised competitions.

Mr Hurd's announcement was welcomed by the Association of Chief Police Officers and the Police Federation.

Pledge on out-of-town shop sites

By Anthony Moreton, Welsh Correspondent

THE GOVERNMENT has told developers and planning authorities in Wales that it will not interfere in the choice of sites for out-of-town shopping centres provided they stay out of the green belt.

Mr Peter Walker, Secretary for Wales, says he has "no intention of identifying specific locations suitable for major retail developments or for different types of retailing."

The decision comes amid concern over pressure being brought by some of the big stores groups such as Asda, B&Q, Safeway, Sainsbury, Texas and Tesco for developments on the edges of conurbations. The pressure is acute around Cardiff, Swansea and Newport.

It is not the job of the planning system to inhibit competition, Mr Walker says in a guidance note on which comments are invited by November 20. This is especially so in a fast-moving sector such as retailing where "the public needs a wide range of shopping facilities and *the benefits from competition* between them." There is, though, one caveat. Very large developments which would seriously affect town centres will be subject to closer control.

Appointments

Grand Metropolitan financial controller

Mr L.G.Cullen has been appointed group financial controller of GRAND METROPOLITAN. In this new role, he assumes the finance resposibil*ities previously held by himself* and **Mr B.Wright**.

*

JOHNSTON GROUP has appointed **Mr Brian Trafford** as its group managing director in succession to **Mr Andrew Ferguson** who has taken early retirement to concentrate on his family busness interests. He was formerly joint managing director of Taylor Woodrow until his resignation in 1984.

*

Mr Brian Blackwell is joining GRENSON SHOES as merchandise and sales director designate. **Mr Vaughan B.G. Thursby-Pelham** is joining as finance director designate.

*

Mr Michael Boyd has been appointed personnel director of the LONDON ELECTRICITY BOARD. *He joins from British* Rail, where he has been regional personnel manager of the London Midland region since 1983.

*

Mr Peter Bone has been appointed managing director and chief executive of KAVLI. He was marketing director.

*

Mr D.A.Streatfield, chairman of RTZ CEMENT, has been appointed head of corporate administration . He will take up his new duties at RTZ's headquarters in London on October 1. On the same date , **Mr Gordon Sage**, managing director of Pillar Engineering, becomes chief executive of RTZ Pillar and **Mr David Willans** chief executive of *Pillar Engineering.* **Mr Derek Edwards** takes up his position as industrial director on October 1, which will include the chairmanship of RTZ Pillar, *RTZ Cement* and RTZ Chemicals.

*

GILLIAT, SCOTFORD & HAYWORTH, a wholly - owned subsidiary of the London Wall Group, has made the following appointments: **Mr Michael Manning** will succeed **Mr David Chambers** on his retirement as active underwriter of the non - marine syndicate no. 56 from January 1. **Mr Andrew O. Ramage** has been appointed a director and the deputy underwriter of non - marine syndicate no.56.

*

Mr Tony Worsnup has been appointed to the board of ANGEX, the organisers of the Daily Mail Ideal Home Exhibition.

*

Mr Christopher John Hewitt, sales director, has been appointed joint managing director of J.HEWITT & SON (FENTON) *in place of* **Mr David Kenneth Hewitt** who continues as chairman. **Mr Stephen Henry Shields**, *sales manager*, has become sales director.

*

HOGG ROBINSON TRAVEL has appointed **Mr Derek Jewson** its managing director from October 1. He replaces **Mr Brian Perry**, who will remain chairman but is standing down as managing director in order to concentrate on his activities as chairman of Hogg Robinson Plc.

*

Following the recent acquisition of the SGF Group, MONKS AND CRANE has formed two new divisions: SFG and H.E.L.D.Fixings will join with Fixings Delivery at Redhill to form the basis of a new division supplying fixtures and power tools to the construction and allied trades. Monks & Crane's tool distribution branches will form a separate operating division. **Mr John Philips** has been appointed managing director of the tools distribution and **Mr Albert Spracie**, chairman of M & C, has taken responsibility for the fixings distribution division.

*

PHILIPS CONSUMER ELECTRONICS has made **Mr Robert Martijnse** its UK group managing director. He succeeds **Mr Justus Veeneklaas**, who has been appointed director of the consumer electronics division with Philips International in Eindhoven. Mr Martijnse was managing director and chief executive of Philips national organisation in Uruguay.

*

Mr Jeremy Thomas has been appointed chief executive of ROOT COMPUTERS. He will *take over the day to day management* of the company leaving the company's founding chair*man*, **Mr David Sanderson**, free to concentrate on major deals and acquisitions.

Overseas stakes in Rolls-Royce top limit

By Dina Medland

THE 15 PER CENT limit on foreign holdings in Rolls-Royce, the British aero-engine manufacturer, has now officially been breached. Some foreign shareholders will be forced to sell their shares.

The Government set a 15 per cent limit on foreign holdings in Rolls-Royce when the pathfinder prospectus for the formerly state-owned group was published in April.

Foreign shareholdings reached 16.8 per cent on Monday, the receiving banks dealing with the second, 85p, instalment due from purchasers of the shares, said yesterday.

All foreign purchasers whose payments were received after the 15 per cent limit had been reached will have to sell their shares, although it may take three to four weeks to compile detailed information about the date and time second instalments were received.

The disposal of excess foreign-held shares in Rolls-Royce is likely to be seen in the City of London as embarrassing for both the company, which had not sought any increase in the ceiling, and the Government.

The rules benefit shareholders who paid for their shares in full at the outset, despite the fact that they were not required to.

British Aerospace, privatised in two tranches in February 1981 and April 1985 and subject to the same condition, indicated earlier this month that its foreign holdings were touching the 15 per cent ceiling which it would like to see raised.

Rail workshops plan to make 2,940 redundant

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH RAIL Engineering (Brel) last night announced plans to make 2,940 employees redundant at its works in Derby, York and Crewe, all in the north of England.

This is in addition to 1,400 redundancies announced earlier this year. All the jobs are expected to go by March next year.

The effect will be to reduce Brel's workforce to around 9,000, compared with a high point of 31,000 five years ago.

The announcement shocked trade union leaders, who were given details at a meeting with management in London.

The National Union of Railwaymen said: "This is another black day for Brel. It is the result of a combination of mismanagement, incompetence and political dogma."

Brel has blamed all the redundancies on a continuing fall in the scale of repair and maintenance work required by British Rail's modern rolling stock.

Brel has also faced major setbacks in the rolling stock construction market, however, including the loss of a £13m order for a new generation of bogeys for BR because it could not guarantee to meet quality standards in time.

The company was not even asked to tender for a £100m order for locomotives for BR's freight sector, despite the inclusion on the tendering list of two US companies.

Brel has also experienced difficulties as a result of a competitive procurement policy introduced by the British Railways Board to ensure that BR receives value for money.

Brel reported a trading loss of £5.3m in 1986-87 after losing £13.8m on work obtained on a competitive basis. Work supplied by BR without outside competition yielded profits of £8.5m.

The board has set financial objectives for Brel requiring it to achieve a nominal rate of return of 15 per cent on capital employed (at historic cost before interest) on competitive work, and to peg prices for three years in real terms for non-competitive work.

Brel is regarded as a candidate for privatisation, but the board has said only that it is expected to move towards "financial independence."

Vauxhall proposes two-year pay deal

BY OUR LABOUR CORRESPONDENT

VAUXHALL MOTORS has offered its manual workers a further two-year pay deal comprising a basic wage rise of 4 per cent each year plus consolidation of bonus and incentive payments.

The company said yesterday that while it would still like to reach a three-year agreement, as it had indicated previously, its aim in the first instance was to convince the workforce of the general advantages of a another long-term deal of two years' duration.

The offer includes a novel incentive payment designed to reduce absenteeism. If targets were achieved, this could be worth an extra 1.4 per cent on present wage rates.

The Vauxhall negotiations are likely to have a knock-on effect on bargaining at Ford UK, which also reaches the end of a two-year deal this autumn. There had been speculation that if Vauxhall moved towards a three-year settlement, Ford would follow suit.

Vauxhall's offer of a rise of 4 per cent in years one and two is supplemented by consolidation of £3 bonus in each year.

The low-absenteeism premium would involve gradual reduction of the present manual workers' contribution to the sick pay scheme, amounting to £2.13 a week.

Vauxhall has offered to halve this if absenteeism falls from its present level of 7 per cent to 5.5 per cent after 12 months and to abolish it altogether if the absenteeism is down to 4.5 per cent after two years.

Absenteeism has been a particular problem for Vauxhall in recent years, peaking at 13.5 per cent or 22 per cent, including holidays, on Mondays and Fridays.

The company has proposed implementation of the measured time measurement (MTM) system, assessing and stipulating the time to be taken for each work task.

It has also reaffirmed its intention of introducing radical shift changes, replacing the present day and night shift system with a double day shift programme, followed by a third shift for maintenance.

This system would follow closely that operated by General Motors, Vauxhall's parent company, at its Antwerp plant in the Netherlands.

British Telecom prepares for shake-up of callbox service

BY DAVID THOMAS

BRITISH TELECOM is considering major changes to the way it manages its call box service, which is the subject of a scathing report to be published today by the Office of Telecommunications (Oftel), the industry's regulatory body.

A paper to be presented to the BT board next month will list the options for change, including setting up a specialist division within the company dedicated to callboxes.

Mr Mike Bett, managing director of UK communications, who is preparing the board paper, said yesterday that BT had been trying to improve its callbox service before the Oftel study because it realised the high value attached by the public to the service.

Nevertheless, the pressure on BT to demonstrate quick improvements is bound to intensify as a result of the Oftel report. BT refused to comment on the details of the report in advance of publication, but it is likely to point to a significant deterioration in the service.

Surveys carried out by Oftel show that 23 per cent of callboxes were out of order this year, compared with 17 per cent last year. BT has set the target of having 90 per cent of its call boxes working at any time by next April.

In London, the figures were even worse, with 38 per cent out of order throughout the capital, a figure rising to 61 per cent in areas of old private housing and 42 per cent in council estates.

It takes four days on average for a call box to be repaired in London, although 17 per cent are still out of order after 21 days, according to the Oftel surveys.

Moreover, although vandalism accounted for many of these faults, the Oftel surveys also pointed to many other reasons, such as boxes being full of coins. Phonecard boxes had only slightly better success rates than coinboxes.

Oftel is studying three main ways of introducing more competition into callboxes, which BT has said it would welcome provided it was fair.

- Oftel has received an application from Mercury Communications, BT's rival, to run its own call boxes.
- Oftel is preparing technical standards which would allow suppliers other than BT to rent payphones to private premises such as hotels.
- Oftel might recommend that other companies could operate call boxes by leasing lines from BT or Mercury.

Oftel has also proposed a joint Oftel-BT survey of the call box network, with results published monthly, a suggestion which BT has accepted.

BT believes that the deterioration in call box standards can be partly explained by the industrial action earlier this year, because it gave greater priortiy to restoring services to its residential and business customers than to call boxes.

However, it also accepts the case for a major review of the way it manages its call boxes.

Canary Wharf developer makes design changes

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

OLYMPIA & YORK Developments today presents the London Docklands Development Corporation with a new series of plans for the design of the £4bn Canary Wharf project, the biggest commercial property *venture in Europe.*

The plans markedly reduce the height of the three office towers that would dominate both the project and the east London skyline. The overall scope of the project, in terms of the amount of office, retail and leisure space, remains the same, however.

The developers intend to start building work in November. First occupants at Canary Wharf should be able to start moving in two years after the *first piling starts, at the end of* 1989 or the beginning of 1990.

The new plans have been drawn up since July 17, when Olympia & York took over complete control of the Canary Wharf project.

The *original promoters,* Credit Suisse First Boston, Morgan Stanley International, First Boston and Travelstead, had failed to agree on initial funding and had been unable to find other companies to take space. Olympia & York, the world's largest office development group, based in Canada, said it would assume total responsibility.

It has now rearranged the scheme, changing the location of the towers, creating more public space by enlarging squares and putting all car parking underground. A waterfront promenade surrounds the *development.*

The changes had been made to increase the character, quality and marketability of the scheme, said Mr Michael Den*nis, who is leading Olympia &* York's Canary Wharf development team.

The scaling down of the towers and the shifting of their position has significant implications. The Borough of Greenwich has been leading a campaign against the scheme, claiming that views from south of the river would be destroyed.

"The towers have been moved" out of the sight of Greenwich," said Mr Dennis. Greenwich borough planners have not yet seen the new plans.

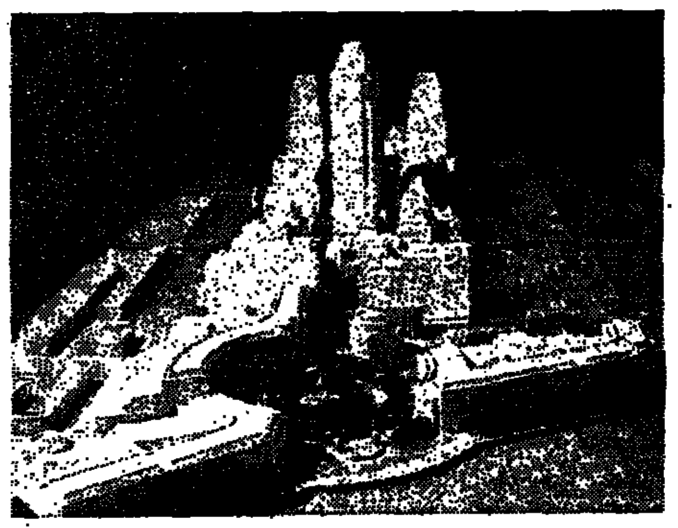
The tallest tower has been reduced by 20 storeys and will be about 700ft high, instead of more than 800ft. The two smaller towers have been reduced to 35 or 36 *storeys* and will be up to *525ft high.*

The development on the wharf itself will be 35ft lower than had originally been planned because *the services* infrastructure and car parking that had been planned above the ground by the *original* developers have been removed.

Each building will have individual underground car parking while a *further* underground car park will run the length of the wharf.

Construction will start at the west end of the project on Westferry Circus, which marks the entry point for Canary Wharf itself. The first phase will include buildings for Credit Suisse First Boston and Morgan Stanley, a hotel and the central *office tower.*

These buildings will be on either side of squares while the retail facilities will run along the centre of the wharf. The total space created in the first phase of the project will be 6m sq ft, although eventually there will be 10m sq ft of offices.



A model of the revised Canary Wharf project

LDDC to spend £632m on urban renewal

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE LONDON Docklands Development Corporation expects to carry out urban renewal projects costing £101m during the current financial year and £531m over the following five years to 1993.

These estimates are contained in the LDDC's 1987 corporate plan, prepared in April but published yesterday.

The LDDC, in addition to having planning powers that override those of the boroughs in its area of operation, prepares the infrastructure for private sector investment.

The LDDC has become the model for urban development corporations now starting in the Manchester, Tyne and Wear, Teesside and Birmingham areas. It was established in 1981 at the same time as another urban *development* corporation for Merseyside.

The corporate plan states that *since 1981, private investment* committed to London Docklands has reached £2.2bn. This is far in excess of that attracted to Merseyside.

Unlike Merseyside, the LDDC is able to finance a significant part of its developments through land disposals. It expects net proceeds to reach £87m this year and £364m between 1988 and 1993.

Again unlike Merseyside, the LDDC is anticipating that its grant in aid from the Treasury can be progressively reduced to £12.5m a year from the 1991-92 financial year. The provision for the current year is £82.8m.

From the start of the current *financial year until March 1993,* the LDDC is expecting grant in aid to total £322.9m. This compares with the £373m spent between 1981 and March *1987.*

Of the £632m the LDDC expects to spend over the next six years, about a third will be spent on the Royal Docks. Private sector development projects are being prepared for this *part of London Docklands.* The Royal Docks lie to the east of the Isle of Dogs, which hitherto has been the main focus

Thorn wins £70m deal

BY LYNTON MCLAIN

THORN EMI Electronics has won a £70m contract from the Ministry of Defence.

The company said yesterday that the order was for its Adad, air defence alerting device, and claimed this was the first system of its kind.

It is designed for the passive detection of infra-red emissions from low-flying aircraft and helicopters using techniques that mean the equipment cannot be detected by enemy aircraft.

Thatcher drops in on the Midlands

By Arthur Smith

MRS THATCHER yesterday preached what she learned as *the grocer's daughter* from Grantham to the people of the West Midlands industrial heartland.

On a whistlestop tour of a region ravaged by recession, she posed for pictures and panted breathlessly into microphones about the new spirit of enterprise, "our best generation of young people", and the newlyweds *with homes* "*we never* dreamed of."

Her Jaguar, flanked by police motorcycle outriders, raced through backstreets to smuggle her for security reasons through carefully controlled front entrances or discreetly deserted back entrances, but the confused and cursing media circus was never far behind.

The set piece *of* the visit *to* discover life as *it* really is in the inner cities was a formal luncheon at the BBC Midlands stu*dios at Pebble Mill.*

The Prime Minister, flanked by all the top brass of the BBC, confided: "I was born in a small business family. I know what it is like and I know the worries and it's 24 hours a day."

But she said: "In the last two years the spirit of enterprise, business and commerce has come to life. We got it right and the people responded. *It is* about the Government getting the background and the people responding."

Mr Marmaduke Hussey, the BBC chairman, welcoming the Prime Minister, described Birmingham as "the *home of The* Archers, Howard's Way and now the wonderful new production of Vanity Fair."

He went on: "Prime Minister, it is not for me, a modest cog in this broadcasting machine, to *speculate how long you will* remain as Prime Minister. You have already won three elections, so you must be getting a taste for it. And, of course, more than 20 years younger than Gladstone when he started his *last administration.* And, if I may say so, most certainly looking it."

History, Mr Hussey said, would judge one of the most important and rewarding of Mrs Thatcher's successes "to have been the *rekindling* and *fostering* of the spirit of enterprise amongst our peoples."

Mrs Thatcher visited the young Tory newlyweds in a Tarmac terraced house on the site of the former Bilston steelworks They were in work and delighted that the house they had bought in the summer for *£22,150 was now worth £26,000.*

Prudential regroups subsidiaries

By Nick Bunker

PRUDENTIAL Corporation, the life assurance and financial services group, yesterday *launched a fresh push into* what it called the upper end of the savings and investment market, by announcing that it has regrouped three subsidiaries into a new company, Prudential Holborn.

It will bring together Prudential Holborn Unit Trusts (formerly PUTM), the Vanbrugh life assurance and pensions group, and *Prudential PEP Managers.*

PUTM has 13 unit trusts, with £1.3bn in funds under management, Vanbrugh has 24 funds and manages £950m while Prudential PEP Managers sells personal equity plans. Between *them,* the three claim to have more than 200,000 customers.

Prudential Holborn said its target market would be individuals with annual incomes of more than £25,000. *It will* sell its products via insurance brokers and other intermediaries rather than via the Pru's home service field force.

Mr Mick Newmarch, Pruden*tial Holborn chairman,* said the company would provide high standards of service and spend £4m in its first year promoting the company and *targeting* wealthier investors. It plans a big advertising campaign starting in October.

Prudential Holborn's investment management will be supplied by Prudential Portfolio Management, which manages £26bn for the Pru as a whole.

Ian Rodger on a UK group that has succeeded in breaking into the Japanese market

Cable and Wireless hits the right wavelength

THE SUCCESS of Cable and Wireless, the *UK* group, in breaking into Japan's tightly knit telecommunications industry has demonstrated that it is possible to knock down that country's strong barriers to foreigners.

But the big effort *involved* would probably make most companies decide that it was not worth the trouble. It took more than a year of intense campaigning by C and W in an environment which is extremely dif*ficult to read. It required* US and British government support at the highest levels and, for a medium-sized company - which C and W is in the world telecommunications league - it took a lot of nerve.

For C and W, however, there was never any doubt that the effort was worth it. After a century of developing telephone systems in small British colonies, the company found itself in a rather insecure position. As a telephone company, it lacked a large domestic operating territory and as an *international* telecoms carrier it lacked a big network.

One of the *pillars of its strate*gy for securing its future is the construction of an independent worldwide *telecoms network,* which it calls the global digital highway, using fibre optic technology. Japan would be a natu*ral hub in such a network,* being a huge market located on the eastern edge of the Pacific.

Until last year, the Japanese market looked impenetrable. Nippon Telephone and Telegraph (NTT) had a monopoly of internal telecoms and Kokusai Denshin Denwa (KDD) monopolised international business. It was *a cosy arrangement* for all concerned, including officials in the Ministry of Posts and Telecommunications, which regulated the industry, and many senior politicians in the ruling Liberal Democratic *Party, who recognised its poten*tial for financial support.

Last year the Japanese Government indicated it wanted to introduce competition in the telecoms sector, inviting consortia to apply for licences to com*pete against* NTT and KDD. In response to foreign pressure at the time Japan open its markets and the Government passed leg*islation allowing* up to 33 per cent foreign ownership in the new telecoms groups.

C and W quickly took up this unexpected offer and formed the IDC consortium with Pacific Telesis and Merrill Lynch of the US and some leading Japanese companies, such as C Itoh, the trading group, Toyota Motor and the Industrial Bank of Japan.

However, by late last year it became apparent that the ministry, for one, was not eager to see such a large injection of foreign content. It was also nervous about *this strange British* company, which no one had heard of, planning to build an independent cable across the Pacific. A second, all-Japanese *consortium, International* Telecoms Japan (ITJ) emerged, and the ministry began encouraging a merger between the two.

C and W complained bitterly about what it saw as an attempt by the ministry to water down foreign content to an insignificant level. Insinuations were made that ITJ was not a serious consortium but would be merely a token competitor that would perpetuate the cosy relationship among the entrenched interests.

In the view of many observers in Japan at the time, C and W was making a big mistake, using the rough-and-tumble tactics of western negotiation to try to crack Japan's *tenaciously genteel* business rituals.

However, C and W officials kept their nerve, *quietly pointing* out the hypocrisy in the Japanese complaints. Western companies, they said, were usually accused of not trying hard enough in Japan.

No one familiar with the case *doubts that the breakthrough* came when C and W succeeded in enlisting the personal support of the British Prime Minister. In early March, Mrs Thatcher wrote to her Japanese counterpart, Mr Yasuhiro Nakasone, demanding "fair and *transparent" treatment for* C and W.

Then, a stroke of luck. For some reason, Mr Nakasone did not reply *to the Thatcher letter* for several weeks. This added to a rising anti-Japanese sentiment that was *building* in Britain. At its peak, British ministers were threatening to withdraw the *licences of Japanese financial firms to operate in the* City of London.

Suddenly the US Government piled in, with three strongly worded letters from President Reagan and two senior administration members in a single week, on the C and W case. The Japanese Government, already seeing a gathering storm over semiconductor trade with the US, *realised that it had to yield.*

The Japanese telecommunications ministry conceded on a couple of policy points but still pushed its merger plan, arranging for an independent mediator *to try to bring the two* consortia together. However, it was a hopeless task. IDC had ambitious plans to build a new transpacific cable as the backbone of its business. ITJ wanted to take a more evolutionary approach, participating in the existing international cable consortia.

By June, the negotiations *had* all but collapsed and the ministry had no choice but to concede on the remaining points. It agreed *to consider* applications from both groups, giving each a fair and transparent hearing, and *it* welcomed the idea of a competitive transpacific cable.

This week it became clear that both consortia would win licences. ITJ announced *on* Monday that it had been invited to apply, and IDC, more coyly, said it expected to apply within *a few days.*

It would be comforting to think that the Japanese had learned a lot from the affair, but the struggles of European and US businesses to gain fair entry to the Japanese construction, liquor and vehicle markets suggests there is still a lot of fighting to do.

"It has been a case a typical of the Japanese scene," a western diplomat said in Tokyo yesterday. "Some elements of the *Government are totally modern* in their thinking and aware of foreign concerns, while others still have to be dragged into the 20th century."

April 1986: C and W joins C Itoh to carry out *feasibility* study on an alternative international carrier.
November 1986: IDC consortium established, with C and W holding 20 per cent stake. Shunjiro Karasawa, Post and Telecommunications Minister, states reservations about C and W's participation in consortium. *Paul Channon, UK Trade and* Industry Secretary, calls on the Japanese Government to support C and W participation.
December 1986 to March 1987: Japan launches campaign to persuade IDC to merge with its rival ITJ.
March 1987: Mrs Thatcher writes to Yasuhiro Nakasone, Japanese Prime Minister, saying that she regards C and W's participation *in IDC as a test* case of Japan's willingness to open markets. The late Malcolm Baldrige, US Commerce Secretary, adds support to the Thatcher letter.
April 1987: Britain outlines re*taliatory plans if Japan refuses* to compromise, including refusing licences to Japanese banks in London and action against Japanese telecommunications imports.
May 1987: Stalemate reached on consortium merger *talks.*
August 1987: Final collapse of merger talks.
September 1987: IDC invited to apply for a separate licence. C and W to have a 16.83 per cent stake in the consortium.

Labour moves nearer to electoral college system

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR party yesterday moved nearer to adopting an electoral college system rather than the alternative one-member, one-vote option for widening its selection procedure for parliamentary candidates.

The executive of the Transport and General Workers Union decided to recommend its delegates, who will attend next week's Labour Party conference in Brighton, to vote in favour of the electoral college *system, which will ensure that* the unions retain a large say in the selection of candidates and the reselection of MPs.

The TGWU delegation will meet on Sunday, as the conference convenes, to take its final *decision and* it seems unlikely that it will go against the recommendation of its executive. The decision, which is expected to be *supported* by other bigunions such as the General Municipal and Boilermakers, comes in spite of some concern within the trade unions and the Labour Party leadership that an electoral college could involve *immense practical problems.*

Under the electoral college system, the delegates from trade union branches would be allocated up to 40 per cent of the votes on local general management committees, with the remainder going to individual *members on a one-member,* one-vote basis. The conference will first vote on the principle of extending the franchise and then delegates will vote for both options. The option winning more support will be adopted as party policy.

Labour's national executive committee decided earlier this month to recommend the prin*ciple of widening the franchise* but left the conference to decide which of the two options should be implemented.

The contitutional changes are expected to be debated on the first day of the conference, when *delegates will also* discuss an assessment of Labour's post-election position which will today go before the party's national executive committee for final approval.

The document, called Moving Ahead, *will form the framework for Labour's political recovery.* It highlights the need to rethink the party's electoral appeal in *order to secure a parliamentary* majority, particularly in respect of those voters who are in work, relatively prosperous and living in the south.

Labour urged to review its electoral appeal

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

LABOUR could be faced with the prospect of becoming a permanent opposition party if it *fails to re-examine its electoral* appeal in the face of a shifting political climate, Mr Jack Straw, Labour's education spokesman, warned last night.

In a message to his party before next week's Labour Party conference in Brighton, Mr Straw told a meeting in his Blackburn constituency that Labour confronts a similar challenge to that which faced the Conservatives in the late 1940s, when socialist ideas dominated *the political agenda.*

He claimed Labour had beaten off the third party challenge of the Alliance but said the party should not delude itself into believing that, as a result, voters would fall into *its* lap. The notion that there was a "natural, anti-Thatcher majority" was a dangerous myth.

Mr Straw *claimed* that, in order to win a resounding victory in 1991, the party had to "recognise the world as it is, not as we might want it to be." To avoid being trapped in some kind of time warp, Labour would not only have to repeal many pieces of damaging Conservative legislation but would have to acknowledge and reflect in its policies the *significant changes in* social attitudes and structures, he added.

Barclays to reorganise operations

By Richard Waters

BARCLAYS BANK yesterday revealed a restructuring of its UK operations designed to make it the country's most *profitable* bank - a distinction it lost to National Westminster Bank last year.

The reorganisation - involving a head office shake-up, a new regional structure and the increasing segregation of branches *into* corporate or personal markets - follows a review begun late last year.

It would bring "major and fundamental changes in how we will deliver services to corporate and personal customers," *said Mr Owen Rout, director in* charge of UK operations.

Twenty senior executives will take early retirement, but no *staff* will be made redundant.

The changes speed up the process of dividing corporate *and personal business between* branches. This reflected the need to "get to grips with market segmentation," Mr Rout said. "*The bank cannot deliver all of* the sophisticated services through all its 2,500 outlets."

Barclays plans to increase from 100 to 300 the branches which it designates as "Barclays business centres." Mr Rout said *that these branches, aimed at* the bank's 26,000 customers with sales of more than £1m, would be "centres of excellence" that could provide a more sophisticated service than local branches.

Customers would not be forced to transfer their accounts from their current branches to business centres, he said. But advisory work would be handled from the centres, rather than existing branches, regardless of where the accounts were held.

Other banks have followed a similar path, but none has gone *as far as Barclays. NatWest has* 12 business centres, and plans another 68.

Barclays is abolishing a tier of management - regional general managers - to ease communications and has appointed directors in charge of retail and corporate services - a step already taken at NatWest.

Amstrad word processor aims to expand market

BY DAVID THOMAS

AMSTRAD, which dominates the UK market for dedicated word processors, is launching a word processor today which *it* believes will expand the overall market.

It is also cutting prices on its existing word processor, the PCW8256, which revolutionised the market when it was *launched in 1985.Dedicated* word processors are used on their own rather than in computer networks.

Amstrad says the PCW9512 improves on its existing machine mainly through having a *letter quality printer and being* more powerful.

Mr Alan Sugar, Amstrad chairman, believes the *latest* machines, priced at *£499* plus VAT, will appeal particularly to business and professional users.

The company also intends to carry on selling the PCW8256, the price of which is being cut *from £399 to £299 plus VAT.* Amstrad has sold about 750,000 of these since they were launched, but Romtec, a specialist market research company, say that their sales peaked last year.

Romtec added that the new machines appeared to meet criticisms made of Amstrad's existing word processor.

Amstrad is also launcing the PCW8256 on the Continent and in the US. Mr Sugar belives the present balance between UK and non-UK sales will continue with just over half the existing range sold abroad.

The launch of the new machine comes a week before Amstrad's announcement of its an*nual results, which* Mr *Sugar* said would be very good.

Amstrad is also cutting by £50 prices *for its* existing personal computer range, the PC1512, and including word-processing, spreadsheet and game software *in the price*

The company is doing this to re-direct the PC1512 mainly towards the home market in order to target its new PC1640 personal computers on the business market.

Longer leading indicator of economy shows fall

BY JANET BUSH

THE GOVERNMENT'S longer leading indicator of the economy, *which aims to signal turning* points in activity a year in advance, fell last month after a sustained rise in recent *months.*

However, officials at the Central Statistical Office said the fall was based on information from only two of the indicator's five components - interest rates and share prices. Both the one percentage point rise in base rates *last month* and *sharp falls* in share prices depressed the index.

The officials noted that the Government's other *leading* indicators were still rising and that the trend of the longer leading indicator could not be judged on one month's partial information.

Separate figures released yes*terday by the* Department of Trade and Industry showed a *substantial revision in stock* movements in manufacturing industry during the second *quarter of 1987.*

The revised figures show stocks held by manufacturing industry fell by about £180m in the three-month period from April to June compared with a rise of £80m in the DTI's provisional figures. The figures are all seasonally adjusted at 1980 prices.

This change was due almost entirely to a sharp drop in stock levels in the engineering sector which was thought to reflect unexpectedly buoyant sales.

Stocks fell by almost £320m in the engineering sector, representing more than 2 per cent of *the level of stocks held at the* beginning of the year. There was also a small fall of about *£5m in the metals sector* but all other main manufacturing sectors increased their stocks in the second quarter.

Wealthiest 10% see share of national income rise

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE WEALTHIEST 10 per cent of the population have seen their share of national income rise steadily during the 1980s, reversing the trend since the end of the Second World War, according to a report published today.

The report, based on official government figures and published by the Fabian Society, shows a sharp rise in the number of people in low-income families - mainly as a result of high unemployment.

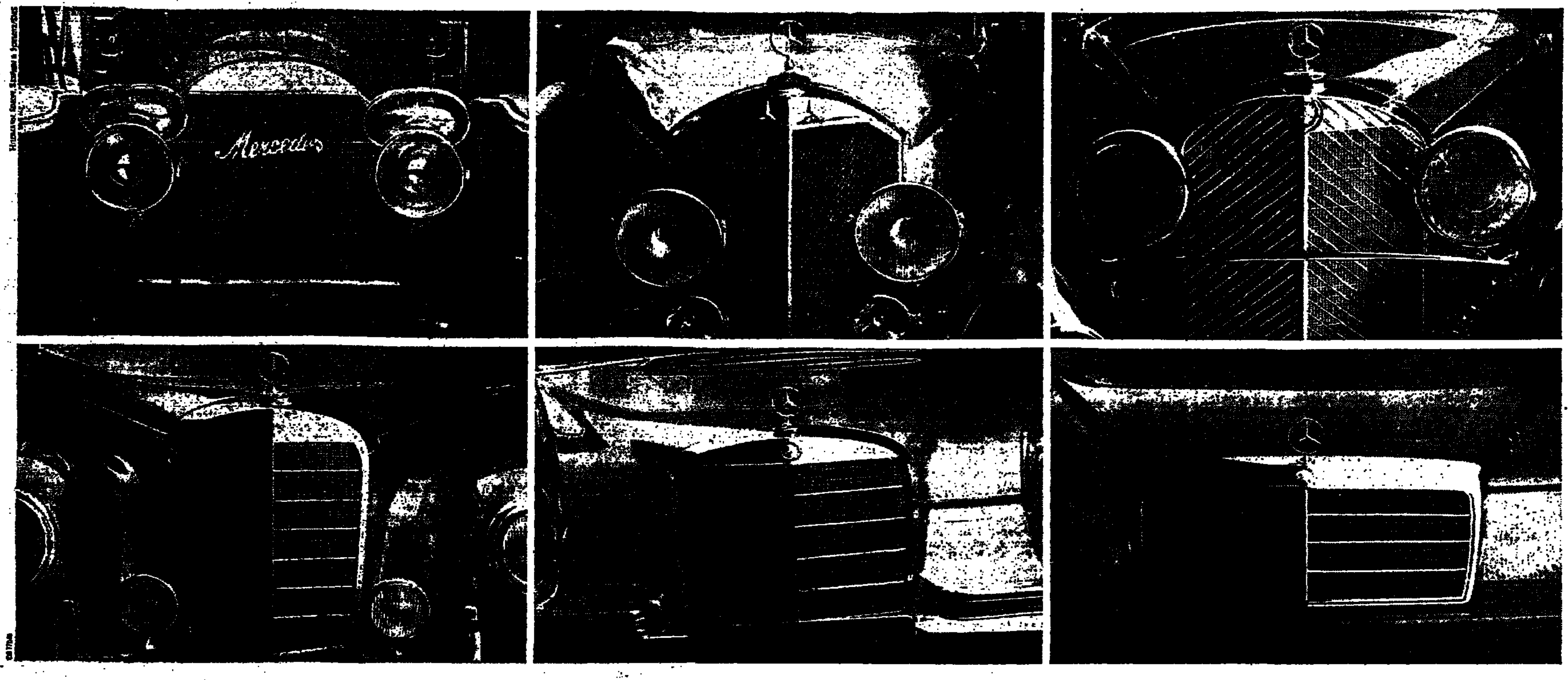
It updates the work of the Diamond Commission, which monitored the distribution of income and wealth between 1974 and 1979. The author, Dr Thomas Stark, is a former member of the *commission, as are several of the members of the steering* group

Between 1960 and 1979, the top 10 per cent of earners saw their share of overall incomes fall from 26 per cent to 23.5 per cent, the report says, continuing the trend of the previous decade. By 1984, that share had risen again to 25.3 per cent.

In contrast, the share of incomes earned by the poorest 10 per cent rose fractionally from 2.1 to 2.2 per cent over the first period.

Turning to holdings of personal wealth rather than incomes, it concludes that the 50-year trend towards greater equality *ended in 1980.* The proportion of national wealth held by the top 1 per cent fell from 33 per cent in 1966 to 20 per cent in 1980.

Income and Wealth in the 1980s. Fabian Society, 11 Dartmouth Street, London SW1H 9BN. £10.



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Tour companies launch price and promotional war

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

A PRICE-CUTTING and promotional war between leading travel agents erupted yesterday in advance of the launch in the next few days of the 1988 summer holiday brochures from the major tour operators.

The Pickfords Travel, Thomas Cook, and Lunn Poly travel agency chains yesterday announced that any of next year's holidays could be booked with a deposit of £5 if the booking is made before the end of the year. The usual deposit of between £35 and £50 per person.

Lunn Poly and Thomas Cook also announced discounts for early bookings. Lunn Poly, for example, is offering a £10 discount per person on holidays over 12 nights to Europe and the Mediterranean. Thomas Cook is giving £25 off per child on holidays costing more than £250.

These special discounts and promotions from travel agents are being offered for the first time since the Monopolies and Mergers Commission ruled last year that tour operators could not stop agents giving rebates to customers on specific holidays. The operators had threatened to stop allowing agents to sell their holidays if such discounts were offered.

However, the commission ruled that this refusal to supply was against the public interest.

The travel agents are anxious to promote early bookings for next year because of the experience of the past 12 months in the holiday market. This summer, tour operators were forced to cut the prices of their package holidays because they overestimated demand for sunshine holidays. This meant that late bookers were able to buy the same holiday at a lower price than those who booked early.

Agents therefore are seeking to persuade customers to book now by means of discounts and promotions. Mr Richard Gapper, managing director of Pickfords Travel, also points out "that tour operators may have fewer holidays for sale next year so late bookers may not get the holiday they want."

The UK travel industry is still coming to terms with this summer. Some 20 to 30 per cent more holidays were on offer but only about 10 per cent were sold.

This is likely to put a number of smaller operators out of business, to add to those who have already gone bankrupt this summer.

Although the major tour operators are likely to stress that prices next summer will be the same as this year, travel agents are forcasting rises of up to 8 per cent next year on prices quoted in brochures. The largest price increases are expected to be in the early and late season.

Mortgage software plan

BY TERRY DODSWORTH

SOFTSERV Expert and Financial Systems, a specialist in computer software for the financial sector, plans to introduce a range of products over the next few months to help brokers cope with the requirements of the Financial Services Act.

The launch of the first package, to help housebuyers select mortgages, comes at a time of increasing interest in computer systems for broking businesses.

Softserv will follow the mortgage package with software for the pensions, insurance, investment and taxation sectors.

Peter Marsh reports on the formation of a large manufacturing company

ICI's solution for its bulk chemicals

SOME nine months into the job of fusing together what from January will become Britain's 18th biggest manufacturing company, Mr Dick Lindsell is quietly pleased with progress.

Mr Lindsell, 59, is chief executive of Imperial Chemical Industries' chemicals and polymers group. The group has combined the activities of petrochemicals and plastics, general chemicals, fibres and agricultural products, including fertilisers. It was formed at the beginning of 1987 to bring together the non-specialist, bulk products areas of the chemicals company.

His empire, with its base in Runcorn, Cheshire, encompasses 58 sales and manufacturing operations around the world and employs 38,000 people. The division, which from next year will be a limited company in its own right, has annual sales of about £4bn, roughly 40 per cent of ICI's total turnover.

One rationale for the reorganisation was to mark a clear separation between the traditional, commodity chemicals side of ICI and its activities in newer, fast-moving areas such as pharmaceuticals, composite materials and electronics.

In recent years, ICI has steered more towards these research-intensive, specialitity areas. In the course of this, it has boosted profits and won the praise of the City.

Another motivation behind the creation of the chemicals and polymers group was to reduce costs. Mr Lindsell, who joined ICI in 1950 as an economist and before the reorganisation was head of the company's general chemicals division, says this part of the plan is on track.

Cuts in employment, with other changes such as pooling of responsibilities in areas such as maintenance and computer services, are on course for saving the new division "tens of millions of pounds" a year by the early 1990s, he says.

By the end of the year, 1,000 jobs should have been cut from the payroll compared with 12 months earlier. Many of the losses have come from the hard-pressed fertiliser sector of the division, which has been hit by overcapacity in the industry as a whole. Job reduction in his division will continue into the 1990s, says Mr Lindsell, at a rate of about 2 per cent a year.

At the same time as seeking economies of scale, Mr Lindsell hopes - on the face of it paradoxically - to encourage a large degree of autonomy within the individual parts of the division.

The division is split into 13 sections, concerned with broad commodity items such as chlorine derivatives, soda-ash products and general chemicals together with more specialist businesses like surface coatings, fibres and plastics.

Dick Lindsell: quietly pleased with progress

"We hope to sharpen up the distinctions between the different parts of the division," says Mr Lindsell. "It is over simplistic to think of chemicals and polymers as simply linking together a string of commodity items. The commodity areas are there but we hope to add value to them (by steering them in the direction of specialist products)."

An example of this trend is the way ICI has moved its fibre activities away from bulk areas such as polyesters, specialising instead in higher-value products such as nylons for sportswear.

Within other businesses such as surface coatings and general chemical products, which in chemical industry parlance would often be classified as bulk items, Mr Lindsell sees a range of profitable "niche" products in areas such as floor coatings, surfactants and engine-cooling mixtures.

A vital part of the strategy concerns research and development, an area previously left to the four parts of ICI from which the new division has been formed. This is now under the control of a new unit with an annual budget of £50m.

One of the aims of this section, which employs 1,800 scientists and engineers, is to seek stronger links with the individual business areas to translate technical ideas into the commercial sphere as smoothly as possible. The research and development unit is headed by Mr John Colchester, who in his 23 years with ICI has worked both as a research chemist and as a plant manager.

The formation of the chemicals and polymer division has generally won praise among City observers.

According to the City, the results of the reorganisation will take a few years before they lead to any radical change in ICI's financial performance. At the moment, the chemicals and polymers group's ratio of profits to turnover is roughly the same as that for the group as a whole. Last year the company made a profit of £1bn on turnover of £10.1bn.

On the negative side, ICI may not have bargained for the trauma the changes have caused in the company's workforce.

One of the main concerns among employees has been that the division's formation is a prelude to it being floated off separately. Although most onlookers believe such a move is highly unlikely, on the grounds that for ICI to quit bulk chemicals would make little sense strategically, the company has done little to dampen the speculation.

However, Mr Lindsell himself says that no matter how much ICI might want to move towards speciality chemicals, the commodity products side of the business is crucial as it provides many of the raw chemicals required for the higher-value items.

Purchasing agency to limit recruitment

By Jimmy Burns, Labour Staff

CROWN SUPPLIERS, the central purchasing agency for government departments, is to limit recruitment amid reports that it may soon be privatised, either in part or as a whole.

The agency yesterday denied trade union claims that it had decided on a total freeze on recruitment.

However, it said it was exercising "prudence" and that appointments in the coming weeks would be "the exception rather than the rule."

Crown said: "Because a change in our role is now being discussed, we do not want to make appointments which might have an effect on job security in the future."

Unions representing the agency's 1,900 employees interpreted the move as a sign that the Government is firmly in favour of privatisation and the unions are stepping up their opposition to this.

The Institution of Professional Civil Servants, representing more than 450 white-collar staff at the agency, said: "The restriction on recruitment reflects the damage that is already being done by the privatisation proposals."

A Whitehall review last year of the future of the agency, a self-financing business with an annual turnover of over £240m, concluded that privatisation was feasible, but would not necessarily be in the public interest.

Instead, there was a call for greater efficiency and the contracting out of certain activities.

The Government is believed to be considering selling parts of Crown, which has the armed forces, local authorities and nationalised industries among its customers, to the private sector while retaining ownership of other aspects of the business.

Some private investors have expressed interest in the agency's largest division, the contract furnishing business, and in the transport section.

Honda to launch Legend coupe

JOHN GRIFFITHS

HONDA is to launch its own coupe version of the Legend/Rover 800 executive saloons developed jointly with Rover group in the UK next month. No equivalent Rover coupe model is likely to be available until 1990 at the earliest.

The Legend coupe, of which only 300 are being imported initially, is fitted with a larger, 2.7 litre engine than the 2.5 litre Honda unit installed in UK-produced Legend and Rover 800 saloons.

The larger engine is understood to have been produced in response to motoring press criticism of the performance offered by the smaller engine in the saloons, although this is denied by Honda.

The introduction of the coupe does not appear to have caused an adverse reaction by Rover, which yesterday pointed out that the joint development programme made no provision for coupe versions.

However, less than two years ago Rover unveiled a coupe concept car, the CCV, based on the Rover 800. It was a much more radical departure from the saloon than Honda's Legend coupe is, and was not intended for production. But last year Mr Graham Day, chairman of Rover, ordered its development for production in response to demands by American dealers who saw the concept vehicle.

It is expected to be up to six months before the 2.7 litre engine is substituted for the 2.5 litre units installed in the Legend and Rover 800 saloons produced at Rover's Cowley plant.

At about the same time, Rover is expected to be able to compensate for the absence of its own coupe with the launch of hatchback versions of the Rover 800

Ford extends upgrading to Escort and Orion

BY JOHN GRIFFITHS

FORD, which has already increased its UK new car market leadership by about 1.5 per centage points this year, is upgrading the specification of its Escort, Orion and Granada models at no extra cost to the customer.

It is also introducing LX versions of the Escort and Orion which are aimed particularly at high-mileage fleet drivers. The formula has already been tried, with considerable success, on the Sierra range. It includes tinted glass, sunroof, self-seeking stereo/cassette, five-speed transmission, sports instrumentation and two-tone paintwork.

All manual transmission models in the Escort and Orion ranges have the anti-skid braking system developed jointly by Lucas Girling and Ford as a £300 optional extra.

Similar programmes for Sierra and Fiesta models were completed earlier this year.

Other specification changes include the fitting of a 5-speed transmission as standard on all L versions of the Escort and Orion.

WEST GERMAN BANKING

Haig Simonian on West German plans to float a financial institution

DSL Bank blazes privatisation trail

AS POLITICIANS in Bonn gradually get back to the grindstone after their long summer break, one piece of legislation —the bill paving the way for the part-privatisation of Deutsche Siedlungs—und Landesrentenbank (DSL Bank)—may slip by unnoticed.

The measure may not be in the same league as some of the pending legislation, but it deserves attention nevertheless. For the future of DSL Bank — now a universal bank in all but name — could have a bearing not only on the institution itself but on German privatisation policy in general.

With total assets of DM 43.2bn ($23.8m) at the end of August, DSL is West Germany's 14th largest bank.

Its roots stretch back to the last century, though the bank, which took its present form after a merger of two institutions in 1966, is best known for the resettlement aid it gave to German farmers from the occupied eastern territories after 1945.

Until the early 1970s, DSL was strictly limited to its original functions of agricultural finance and farm restructuring and improvement. Its funds came either from the public purse or from borrowings in the domestic capital markets.

However, by 1970 it was clear the bank's founding tasks had largely been accomplished: farmers had been resettled, while the federal Government had decided to transfer responsibility for farm restructuring from the bank to individual land (state) governments.

Mr Hermann Sehrbrock, DSL's chief executive, recalls that there was a lengthy period of reflection throughout the early 1970s as the bank's management looked for ways to widen its activities without breaching its strict founding articles.

The new tastes it took on illustrated the problem of expanding within a very tightly constrained legal framework.

Moreover, many of the public-sector financing tasks DSL might have taken on had already been allocated to other state institutions, such as the Kreditanstalt fuer Wiederaufbau, Germany's reconstruction loan corporation.

What emerged therefore was a *compromise* — usually reflecting DSL agricultural origins.

The bank started lending for housing finance, for example, but only in the countryside. It also began to lend to industry, though again with an agricultural bent. DSL's loans tended either to be to farm equipment manufacturers or to companies with factories in rural areas.

Break with past

It was only in 1980 that the bank and the Government finally decided to break with the past and to develop DSL into a full-scale universal bank.

That choice brought losses as well as gains, recalls Mr Sehrbrock.

While the unshackled institution was suddenly able to compete head-on with Germany's established private-sector banks in providing medium- and long-term finance, it was clear it would have to give up some of a public-sector agency's advantages — notably its tax-free status — in return.

Losing government guarantee on its bonds was another sacrifice, though DSL's domestic issues are still "muendelsicher," meaning they can be bought by trustees, which is important in Germany and implies a high level of credit quality.

The present-day DSL lends in four main areas: in residential construction, in which it is very active; in industry; credits to other banks; and foreign business, which includes export finance and syndicated loans.

However, the emphasis is exclusively on wholesale banking, and the bank has no retail branches or customers.

Though the bank still administers — and to a much lesser extent — lends to the farm sector in line with its founding principles, such financing on behalf of the Government has declined sharply in its overall portfolio as DSL has built up its own loan book in the 1980s.

According to figures for 1986, government-sponsored lending accounts for only 16 per cent of its loans, against almost 30 per cent in 1982.

The bank's growing interest in investment banking and the securities business is an extension of its mainstream credit activities.

"Our continuing emphasis on mid- to long-term credit business means we also need to be aware of what is going on in terms of securitisation," says Mr Sehrbrock.

As a leading medium and long-term lender, the bank is particularly keen to minimise its refinancing costs.

Accordingly, it has tried to diversify the liabilities side of its balance sheets. Apart from its role as a domestic issuer, DSL has also issued Eurobonds in US and Australian dollars as well as yen, all of which have subsequently been swapped.

Moreover, the bank recently decided to expand its trading activities, largely as a way of improving its placing power both for its own issues and for the increasing number of bonds it underwrites.

Rather than doing so in the genteel surroundings of Bad Godesburg, the dormitory town just south of Bonn where it is based, DSL has set up a new trading operation, headed by a former Morgan Guaranty man, in Frankfurt.

The unit officially opened its doors earlier this month, and DSL is eventually likely to move its entire treasury function to Frankfurt.

Ambitious though the bank's investment banking is, it is its part-privatisation, orignally announced in 1985, which will probably bring it into the headlines in the coming months.

The Government has decided to keep 51 per cent of the bank, and sell 48 per cent to the public. The remaining 1 per cent will remain with the German Laender, as at present.

Special privileges

However, the part-privatisation will take a unique form in order to preserve DSL's semi-public legal status and the special domestic bond issuing privileges that go with it.

Rather than just floating the shares through a bank underwriting consortium in the normal German way, a new holding company, DSL Holding AG, will be formed.

Its sole asset will be the 48 per cent stake in DSL the Government is giving up. The eventual structure, whereby the fully private holding company will have a stake in a public sector entity as its sole asset, is unique in Germany.

Some have suggested this model may also be suitable for other semi-public financial institutions—like Germany's savings and state banks, which also need to preserve their special legal advantages—should they one day decide to go partly private.

So while the DSL deal, which is expected to raise about DM 400m, may have to wait until early next year to receive all the necessary parliamentary rubber stamps, there will probably be plenty of eyes watching to see how it goes.

Share offer proposals from Postipankki

BY OLLI VIRTANEN IN HELSINKI

POSTIPANKKI, FINLAND'S post office bank, plans to transform itself into a limited liability company comparable to other Finnish commercial banks at the beginning of next year.

The proposals, which could lead to a maximum 49 per cent of the capital of the state-owned institution being opened to outside investors, have been widely criticised by Finland's banking community.

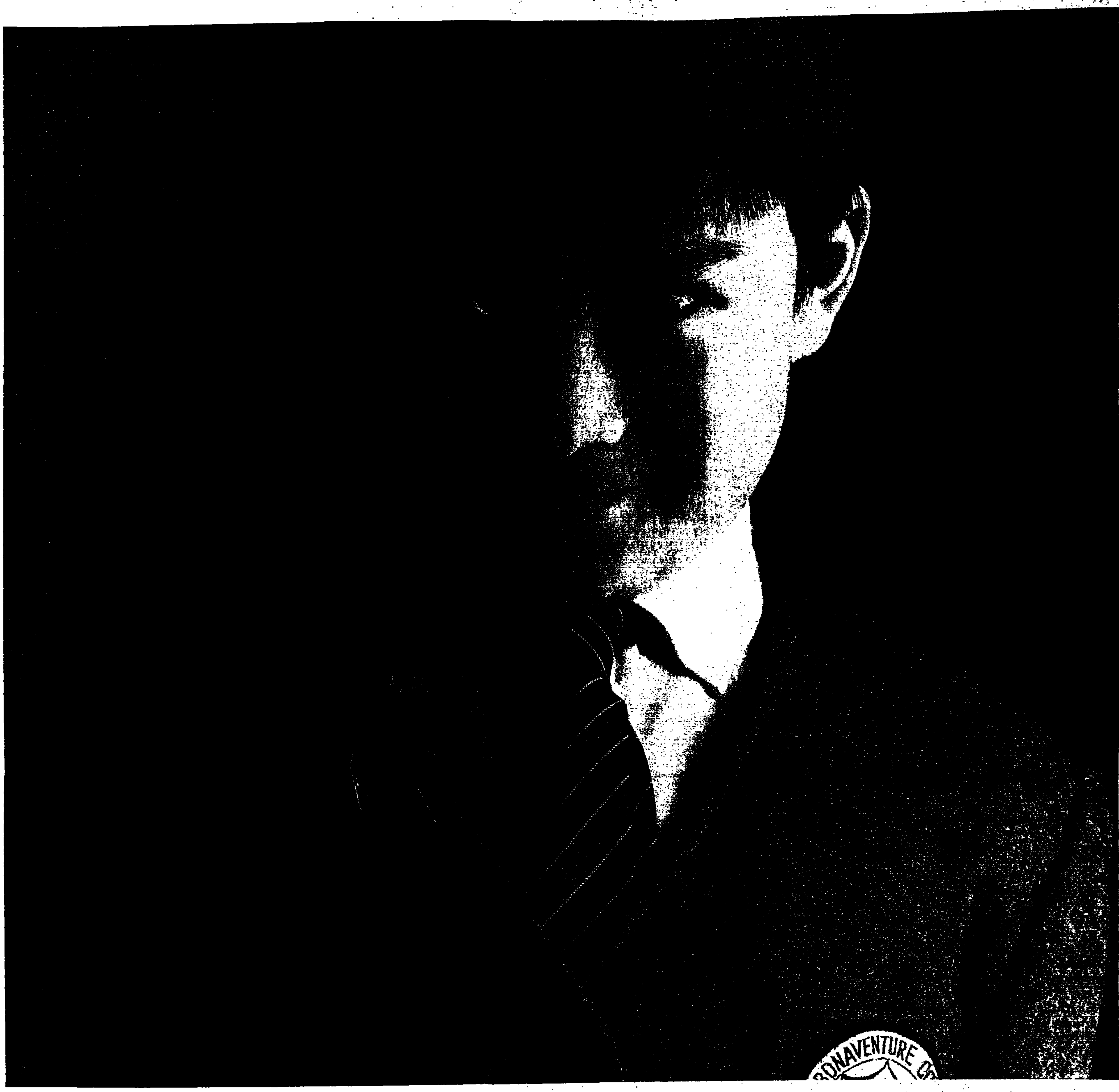
One controversial point is the plan to merge the Investment Fund of Finland, a state-controlled financing vehicle, with Postipankki, increasing the latter's equity capital by some FM 1bn ($227m).

The main commercial banks are also irked by the state's willingness to continue to provide guarantees for Postipankki's liabilities. These guarantees will amount to half of the combined equity capital of Postipankki and Investment Fund of Finland.

The commercial banks complain that, as a result of state guarantees, Postipankki is exempt from bank capital adequacy requirements. New legislation will partly correct the disparity but the limited guarantees remain an irritant to Postipankki's rivals.

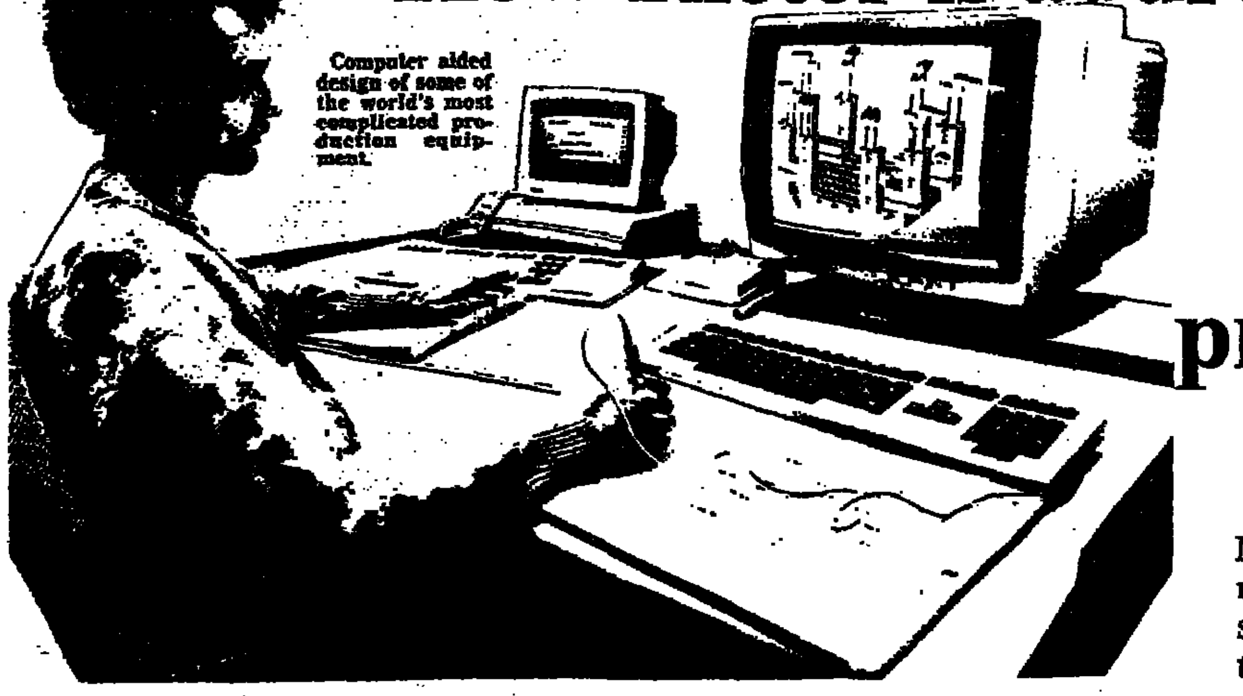
Postipankki will remain the sole vehicle for all state payment transactions. Postipankki claims that it does not make a profit out of this privilege.

Postipankki's group assets at the end of 1986 stood at FM49bn ($11bn)—less than half the assets of its two main rivals, Union Bank of Finland and Kansallis-Osake-Pankki.



TECHNOLOGY

How Rieter is addressing the fabric of its own production methods



Computer aided design of some of the world's most complicated production equipment.

Nick Garnett *examines the manufacturing and research strategy of the Swiss textile machinery maker*

ON THE banks of the picturesque river Toess in the small town of Winterthur just outside Zurich, the Rieter textile machinery company is a perfect illustration of an increasingly important trend.

For builders of machines, the skill and investment they adopt in deploying and using production machines on their own shopfloor can make or break the bottom line profit.

One thing is not new. Textile machinery makers have for a long time been forced to cope with the high research and development cost of developing new products. There is a long litany of textile machinery companies which have either fled the industry or run for the shelter of a bigger brother under the pressure of generating enough cash to stay in the game.

Textile machines are some of the most complicated types of production equipment in the world. The biggest machines look as if they will fly you to the moon. In spinning of short staple fibres, for example, at least five techniques - ring spinning, rotor, wrap, air jet and friction - have developed as competitive systems. Spindle speeds are now up to 20,000 revolutions per minute(rpm), while the rotors on open-ended continuous-feed rotor machines are revolving at up to 100,000 rpm.

Electronics have proved both a salvation and a nightmare. Thirty per cent of some of the biggest machines by value might now be accounted for by electronics. But that proves to be a huge cost burden on research budgets. Linking textile-making machines by electronics and the ultimate, but as yet unattained creation - a fully integrated and fully computerised spinning or weaving mill - are adding to the research load.

Even a company like Rieter, one of the world's biggest producers of spinning machinery feels the heat. That is despite

Electronics have proved both a salvation and a nightmare

spending about 10 per cent of its sales every year on product development.

Earlier this year it purchased Schubert and Salzer, a West German company employing 2,600 and with a turnover of SFr290m(£119m). The acquisition was made to spread the load of research on rotor spinning which both companies were in, and to "purchase" Schubert's one hundred development engineers.

"To develop machines these days you need more turnover and more brains," says Kurt Feller, Rieter's finance director. The purchase lifted Rieter's employment to 6,400 in textile machinery making, with a turnover of SFr905m.

But it is in factory production methods where some of the more forward-thinking textile machinery makers see new opportunities for gaining competitive advantage. "Without the changes we have made in production, we would have made a loss," says Jose Morale, the Spaniard who heads Rieter's production planning. "I think for most companies in our business, how good you are at production will decide whether you make a profit or a loss." Rieter made a pre-tax profit last year of SFr46m.

Like most Swiss production companies, some of Rieter's costs are very high. It enjoys the great benefit of cheap money, borrowing, says Feller, at about 4 or 5 per cent. But he says buildings costs are about three times those in France and labour is not cheap. Machine operators on its Winterthur shopfloor - half of whom are Italians, Yugoslavs and other non-Swiss - earn on average SFr3,500 a month.

The pressures to cut costs therefore are severe even for a country which has displayed a near-miraculous ability to make and export machines despite its tiny domestic market. For metal-cutting machine tools, Switzerland took a 9 per cent share of world exports last year and 17 per cent for textile machinery, measured in SFr sales.

When Rieter began a thorough investigation of its manufacturing operations three years ago though, it discovered that it was not as clever as it once thought. "We found that 50 per cent of assembly time was not assembly work at all but people searching for tools and materials," says Morale.

The company is coy about what it is spending on updating production. It is thought to be about 4 per cent of sales. According to the company, the impact of changing production methods and capital investment has allowed it to increase the throughput of metal by about 60 per cent through the Winterthur facility with the same workforce.

Even the world's largest spinning machine companies are feeling the heat

One of the biggest items is a large flexible manufacturing system. The system, which will be completed early next year incorporates seven Italian-made Mandelli machining centres, each with 122 tool pockets. The machines are identical so the company can machine any prismatic part on any machine. "The payback is very good," says Morale. The company says the total production cost reduction will amount to 20 per cent, with an 80 per cent reduction of work in progress and an 85 per cent drop in lead times.

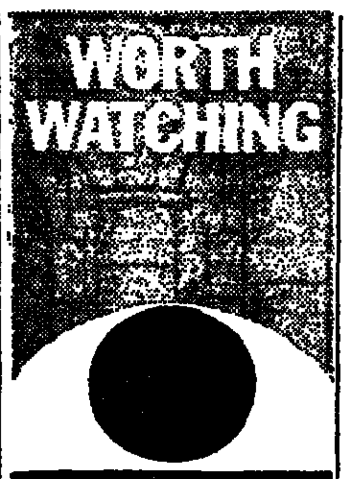
"There are 200 FMS systems in the world," says Morale. "Europe has 60 of them and Switzerland three of these." The FMS can run for six hours without human intervention but, when it is needed, the skill factor is high. Rieter has had to train six hand-picked machine tool operators to oversee the system.

Changes are affecting all other areas of the Winterthur shopfloor. The company uses automatic welding machines but a man still has to hold the workpiece. Next year fully-automated welding robots are being introduced.

The company has one or two automated guided vehicles(AGVs) trundling around the main production site at Winterthur but materials-handling looks as if it will go through a major revolution at Rieter. Morale says that within the next four years a very large AGV system will be put in place in both machining and assembly areas. The cost of this is not being disclosed but falls within the production investment budget of 4 per cent of sales. So much for those people who think textile machinery building must be, just by the sound of it, a grubby, low-tech business.

Rieter has also introduced a new system for assessing and making tool corrections by using bar codes and a host computer which carries all the retooling information.

As in so many of the better-organised manufacturing companies, assembly workers are being given more responsibility for quality control and many individual components in Rieter-made machines carry stickers with the assembly operator's name. One unusual feature at Rieter is that salesmen out in the field are encouraged to ring assembly operators direct at the plant if an assembly fault is exposed on a machine while in operation.



Edited by Geoffrey Charlish

Battelle roots out irrigation problem

A TEAM at Battelle, the international research group, claims to have overcome a problem encountered by those segments of the farming community using buried irrigation pipes.

The difficulty with these systems is that the roots of the irrigated plants tend to block the holes in the pipes. The answer, developed at Battelle's Pacific Northwest Laboratories, is a product called Root Stop in which an existing root growth inhibiting herbicide is combined with rubber or polymer.

Root Stop is used in the construction of the drip system, the rubber or polymer acting as a reservoir for the herbicide which is slowly released at a uniform rate to a small zone of soil around the dripper.

It remains active for 125 years, while permitting natural growth of vegetation above ground level. The herbicide is said to have no ill effects above ground and does not accumulate in plant tissue.

With modification, the product can prevent unwanted growth on structures such as sewers, roads, pavements, tunnels and dams.

BAe cuts cost of *missile testing*

BRITISH AEROSPACE has developed a dynamic, thermal image simulator at its Sowerby Research Centre, Bristol. This allows heat-seeking missile designs to be economically tested on the ground with fewer costly flight trials.

The human eye detects an object of interest by registering light of many colours reflected from a scene. But scenes also have a thermal image produced by infrared radiation from many objects of different temperature in the scene. Missiles home in on hot objects like engines. Previously, testing meant going aloft to expose the system to actual thermal views.

At Bristol, the BAe team has developed a means of generating a computer-driven thermal scene on a small piece of silicon. It has deposited 10,000 tiny film resistors in a matrix that can be addressed by computer with electrical heating currents.

The result is a TV picture at 50 frames per second, emitting heat instead of light. The elements can be rapidly changed to reproduce the moving scene generated in a flight simulation computer. Heat from previous frames is continuously removed at the back of the silicon by a liquid system, allowing the elements to change quite quickly.

The writing is no longer on the wall

CANADIAN COMPANY Power Chemical Group of Hamilton, Ontario is offering a solvent-based product called Graffiti Gone which it claims is effective in removing spray paint, ballpoint ink, crayon, tars and similar substances used in the creation of graffiti.

The product is harmless to hard surfaces such as brick, stone and metal. The company also claims it will not harm original factory paint.

Graffiti Gone is sprayed on and after five minutes removed with a power hose. The company plans to open a sales office in the UK soon.

ERA mounts surface exercise

ERA Technology, the UK electrical research and development organisation, is proposing to investigate surface mounting technology (SMT), in order to provide the electronics industry with an impartial report on the planning, design, manufacture and testing of products employing the technology.

Conventional electronic circuit boards have components mounted on one side with their connection legs passing through holes and soldered to the circuit track on the other side. In SMT the legs are done away with and equivalent pads are soldered to a circuit on the same side of the board.

For the same electronic functions, the board becomes much smaller. This is because more compact components are possible, mounted on both sides of the board with greater packing density.

In spite of optimistic market forecasts, ERA believes industry needs more information before commitments are made.

Taking the heat of mould makers

ELASTIC MOULDS with high tear strengths can be made easily with a silicone rubber offered by Ambersil of Basingstoke in the UK.

Called Replikator, the product vulcanises at room temperature and is particularly suitable for copying heat-sensitive originals because it cures without producing heat.

For a one-part mould, the original or pattern is fixed to the bottom of a box and the rubber poured in. The flexible mould resulting can be removed after 24 hours and used to make castings in many materials including filled polyester, plaster and synthetic cement.

Likely applications will be for architectural plasterwork, antique restoration/reproduction, film and theatre props and encapsulation in the electronics industry.

Foaming safeguard against the flames

BEAVERFOAM OF Alfreton, Derbyshire, a UK plastic foam maker, has launched a fire-retardant foam which has a significantly increased ignition resistance in comparison with the ordinary foams used in the majority of domestic furniture products.

Called Safeguard, the product also has an improved post-ignition performance.

In tests by the Rubber and Plastics Research Association in the UK, full-sized chairs with flammable cotton covers were used. Safeguard took about six times as long as ordinary foam to produce maximum temperature, so that in a real fire, people would have longer to escape.

In addition, the maximum temperature in the test fire, measured at the ceiling, was 145 deg C, whereas it was 640 deg C for the normal foam. The rate at which toxic gases were produced, a crucial factor in fires in confined spaces, was also far less.

CONTACTS: Battelle: London office, 493 0184. British Aerospace: UK, 0272 693831. Power Chemical Group: Canada, (416) 575 7667. ERA: UK, 0372 374151. Ambersil: UK, 0256 28088. Beaverco: UK, 0608 51095.

MANAGEMENT

Choosing the right person - you can count on it

Roger Beardwood on 'numerimetrics'

SHAKESPEARE ASKED: "What's in a name?" Michel Montignac's answer is: "A lot - if you *turn the letters of the name into* numbers." Tall, slim, balding and softly-spoken, Montignac is a French personnel consultant who has resurrected, amended and renamed the ancient study known as numerology and persuaded major companies that they can use it to avoid putting square pegs into round holes.

Numerimetrics, Montignac's name for his version of the arcane system, assigns a number to each letter. Added in various combinations, the numbers give *totals that,* he says, are clues to a person's personality, *strengths, weaknesses, and aptitudes.* He uses a similar technique, based on the date of birth, to discover more about people, including the *phases of* their lives.

If this all sounds a little reminiscent of the Cabbalists, those scholars of the Middle Ages whose obsession with the meaning of numbers has long been dumped in the dustbin of knowledge, Montignac is unapologetic. Any resemblance to Cabbalism certainly has not dissuaded more than 30 prominent companies from sending personnel executives to be trained.

Among Montignac's clients are Peugeot, the automotive manufacturer; Uniprix-Monoprix, a large retail chain; a clutch of banks, including Credit Commercial de France (CCF); and the French affiliates of West Germany's Nixdorf Computer and Bayer, the chemicals concern. Montignac has also won the *recommendation of the* French employers' federation, the CNPF (Conseil National du Patronat Francais).

Montignac unravels the tangled skein of numerimetrics during seminars he holds at the education and training offshoot of the CNPF. Cost: a total of FFr13,700, including lunch. He tells students, disarmingly, that *he doesn't know how numerimetrics* works, only that it does, "and electricity was being used long before physicists explained the theory."

Numerimetric analysis of a person's full range of aptitudes, character, strengths and weaknesses starts with the name and date of birth. Montignac has *written a computer program,* based on ancient and modern interpretations of the values, that makes reckoning more ready; but application of those values is far from automatic, requiring much skill and subtlety. For example, whether Montignac uses a woman's married or maiden name in his calculations, or both, depends largely on how long she has been married and which name she uses habitually.

"A woman lawyer, doctor or author is very likely to use her maiden name even after marriage," *Montignac explains.* "In contrast, I would probably concentrate on a woman's married name if she had been using it *for many years;* it has become a part of her."

There are also strong differences among nationalities. Many Americans, for example, habitually use their middle names, whereas most Europeans do not - with the notable exception of the Spanish. "The basic rules hold everywhere," Montignac notes, "but one must take cultural differences into account."

Most people who attend Montignac's seminars arrive sceptical - and most appear to leave convinced that numerimetrics is indeed a useful tool for the selection of personnel and guidance of their careers. Philippe Debacq, human resources manager for the French subsidiary of Alusuisse, the Swiss-owned manufacturer of aluminium *products, has been using numerimetrics* for a year - though he stresses that the company itself has not endorsed the system officially.

Debacq says: "I find numerimetrics a completely reliable tool in the recruitment of personnel, evaluation of potential, and career management. But you need to handle it with great prudence, since the process requires a good deal of interpretation and a synthesis of data." Said one participant at the end of a recent seminar: "I still don't understand the theory, but do I have to? I don't understand how computers work, either, but use one every day."

Montignac cites as a case study a salesman for an office equipment company who was considered for promotion to sales *management,* leading a team of ten people. Numerimetrics showed that the man, aged 32, was *entering a nine-year* phase of his life dominated by the number seven. This, combined with other key figures, suggested that during the phase he would be better at conceptual thinking and planning than at leading a team.

Accordingly, the company moved him to the marketing department, where he *could* apply his field experience and conceptual abilities to devise new strategies and adapt existing ones. His next life phase, again of nine years, would be dominated by the figure one, which stands for leadership. Helped by his marketing experience, he should then be an outstandingly effective executive.

1 =	A	J	S
2 =	B	K	T
3 =	C	L	U
4 =	D	M	V
5 =	E	N	W
6 =	F	O	X
7 =	G	P	Y
8 =	H	Q	Z
9 =	I	R	

Letters and their numerical values

Numerimetrics can be used, too, for self-assessment, a function that appeals to the CNPF's patron, president Francois Perigot, who believes that more executives should take their careers into their own hands.

Before moving into consultancy Montignac was personnel manager in France for Abbott Laboratories, the US pharmaceuticals company, and became interested in numerology after attending a course in New York which showed how it could be applied to personality analysis *and decision-making.* "I *quickly* saw that the technique could be applied to personnel management and career development," Montignac recalls. "I changed the name to numerimetrics because, frankly, the word numerology frightens some people off."

So is numerimetrics a hope - or a hype? Ultimately, of course, *no scientific proof of its* accuracy is possible; in this respect numerimetrics differs little from other techniques used in personnel management, such as psychology, morphology, and graphology.

Michel Blasz, an executive recruiter, thinks that numerimetrics is an "excellent, reliable instrument," but argues that it should be used in combination with other techniques, including graphology and even astrology.

Where Montignac himself is concerned, numerimetrics show that he is strong on communication and would be unhappy in a routine job - which shows that at least he seems to be a round peg in a round hole.

Thatcher and Mitterand

MONTIGNAC offered a practical test of numerimetrics: a profile of Britain's Conservative Prime Minister, Margaret Thatcher - and an explanation of the reason she and France's Socialist President, Francois Mitterrand, get on well personally, even though their politics are far apart. He came up with a six-page analysis, based on *her birth date,* maiden name of Roberts, and married name.

Among the findings were:

- **Thatcher's character and personality are marked by the numbers 22, 11, and 9. This combination means that she has a very strong personality, abundant energy, and great ambition. The number 22 is rare, particularly in women. Napoleon was also influenced by 22.**
- **The three dominant numbers, 1, 2, and 9 (she has three of the first and second and four of the third) give her authority, leadership qualities, and exceptional sensitivity.**
- **Mrs Thatcher lacks entirely the numbers 3 and 8. Absence of 3 suggests *that* her personality was reserved, perhaps aloof, in her youth. Absence of 8 shows that she has an instinct for power and a compelling need to succeed materially.**
- **Her aspirations are marked by a desire to achieve the ideal and a strong sense of vocation. She feels powerfully the need to take the initiative. The Prime Minister's feeling for human problems is highly developed; but her personal ideals of independence lead her to emphasise the importance of individual initiative.**

Montignac concluded that: "Numerimetric analysis demonstrates that Thatcher is in the classic mould of outstanding political leaders. She has a kind of *autocratic intelligence, great* strength of character, and a determination that can 'move mountains'."

But why should she and Mitterrand get on so well personally? Montignac's explanation is that in one mathematical formulation, they share the number nine, "which makes for personal compatibility, notably on the *spiritual plane.*" The numbers for their respective paths of life indicate that they are cut from the same cloth, sharing ambition and a thirst for power. However, Thatcher's numbers show that she is less able to compromise.

Both Thatcher and Mitterrand are living in the same cycle of their lives, 9, an excellent one in which to shoulder political responsibilities. That cycle also reinforces the humanitarian aspects of their personalities.

Does that mean that Britain's "iron lady" is going soft, that wetness is rusting her? Only time - or the numbers - will tell.

Employee relations

White managers and black workers - the great divide

Michael Skapinker on a study of South African perceptions

WHEN A company operating in South Africa built more than 100 homes for its black employees it thought the workers who got them would be grateful. They were not.

Those who moved in to the new houses complained that they were victimised by other residents of the township who viewed them as *sell-outs.* Trade unionists condemned the housing scheme because the workers concerned now had mortgages subsidised by the company, which prevented them from leaving to work for anyone else.

The company's American managing director knows where he went wrong. The company *failed to consult the people* whom the employees regarded as their leaders.

> Researchers found that many of the white managers had filled their minds with the jargon of American textbooks

"Had we involved the right people in the planning of the scheme from the outset, we would have learned that they preferred that the money be used to upgrade a greater number of *existing dwellings* so that more of the company's employees could benefit," the managing director said.

The episode is recounted in the *Harvard Business Review* by two teachers of management who spent 2½ years researching the gulf which separates white managers in South Africa from their black workers.

The difference in perceptions is illustrated by two bitter comments from each side of the divide. A white manager, with experience in both the United States and Europe, told the researchers: "I can't understand these blacks. They're not like workers overseas. They don't respond to incentive schemes. They complain about low wages. But when you increase their wages they don't work any harder."

On the other hand, a black worker with six children knew very well why employees didn't respond to pay incentives. "Even though I get pay increases, I have less money to *live on. I'm forced to live* in a township that is far from where I work. I have to leave around 4 a.m. in order to catch two buses and one train so that I can arrive at work by 7.30.

"Bus and train fares have gone up so much that almost one-third of my paycheck goes into paying for transportation to work. What difference does it make if the company increases my pay when the increase is taken by this oppressive government to pay for ferrying us blacks in and out of white areas?"

The researchers, David Beaty of Loyola Marymount University in Los Angeles and Oren Harari of the McLaren College of Business at the University of San Francisco, found that similar themes recurred throughout their discussions with 60 white managers and 361 black employees in five large South African plants - three owned by South African companies, one by a European group and one by an American multinational.

The researchers found that many of the white managers had filled their minds with the jargon of American management textbooks - "job security", "effective communication", "production incentives" - and had set about improving the environment in which their employees worked.

Most of the blacks interviewed, however, saw the improvements as a way of rubbing salt into their wounds. "New privileges at work only heightened their expectations and thus intensified the despair they felt during the long bus ride back to the township." Unlike whites, the researchers say, black South Africans "cannot separate their lives inside the corporation from the domination they perceive on the outside."

So what can the employers do? Many of the foreign companies have, of course, already resolved their dilemma by leaving South Africa. But those who remain, Beaty and Harari say, need to take a far more active stance against the system which dominates their employees' lives away from work.

When attempting to improve employees' living conditions, *they* say, companies must try to discover what it is the workers actually want. One company found out that its employees' children often went without lunch at school. The managers thought they should remedy the *situation by building a kitchen* at the school. But when they spoke to community leaders, they encountered strong opposition. A kitchen in the school would be under the control of the government, the managers were told. So they built a kitchen outside the school to be run by the community.

The researchers also found that the workers wanted to see their companies give visible support to non-violent action against apartheid. Employers should provide financial and legal support to black employees who break apartheid laws or who are detained by the authorities without trial, the workers said. Some companies already do this, the researchers say, but they are the minority.

> When attempting to improve employees' living conditions companies must try to discover what the workers actually want

At the end of the day, workers said, companies have to be prepared to break the law. "Admittedly, this is a rather extraordinary suggestion," the researchers say. "American multinationals generally adhere to the laws of host countries. The black workers we spoke to, however, stated emphatically that large corporations - particularly foreign multinationals - have the power and the obligation to defy unjust laws."

The authors cite the example of British Petroleum which has announced that it will invest R100m to finance desegregated state schools and which is financing the building of an open residential area for all races, thereby violating the Group Areas Act.

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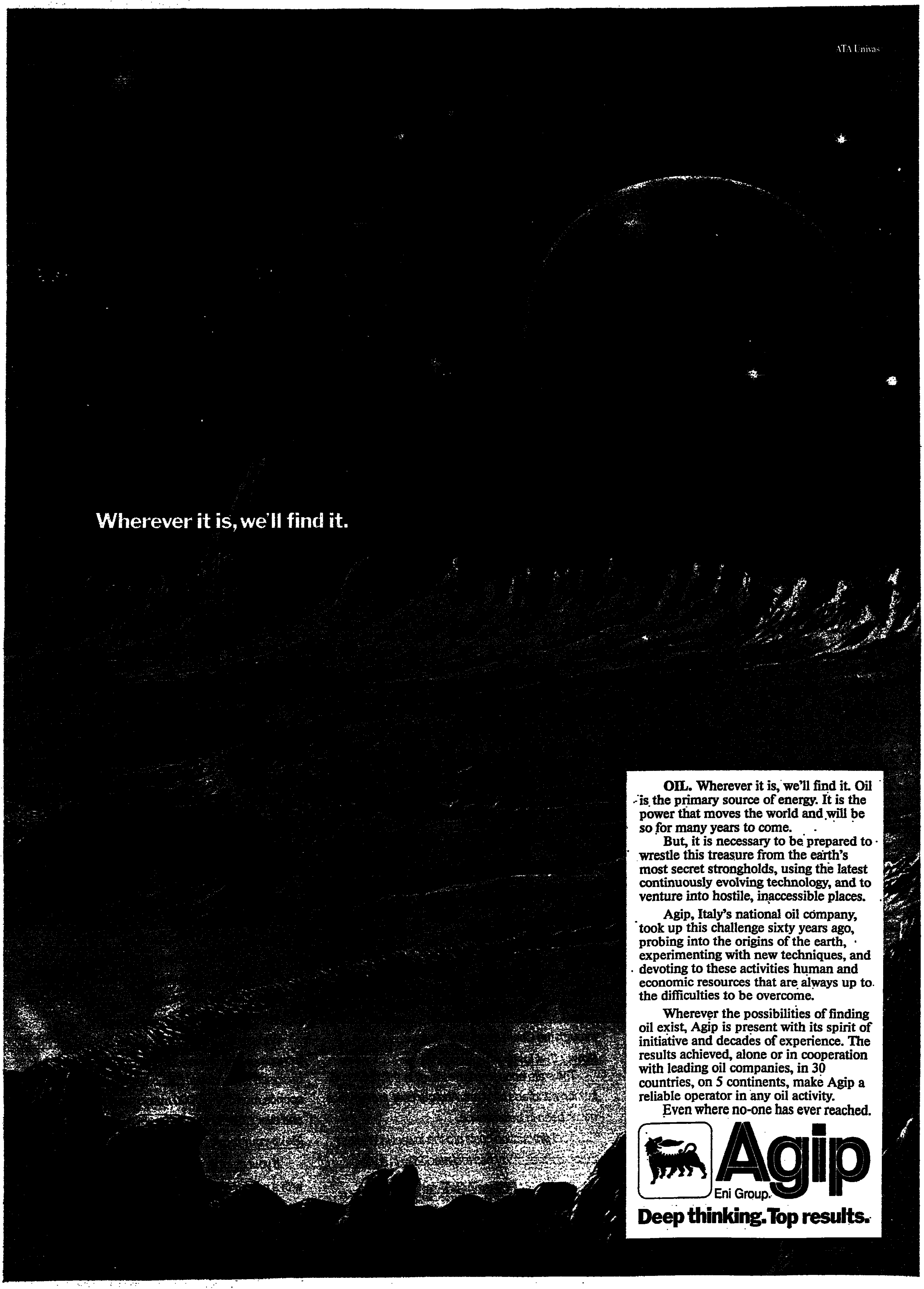
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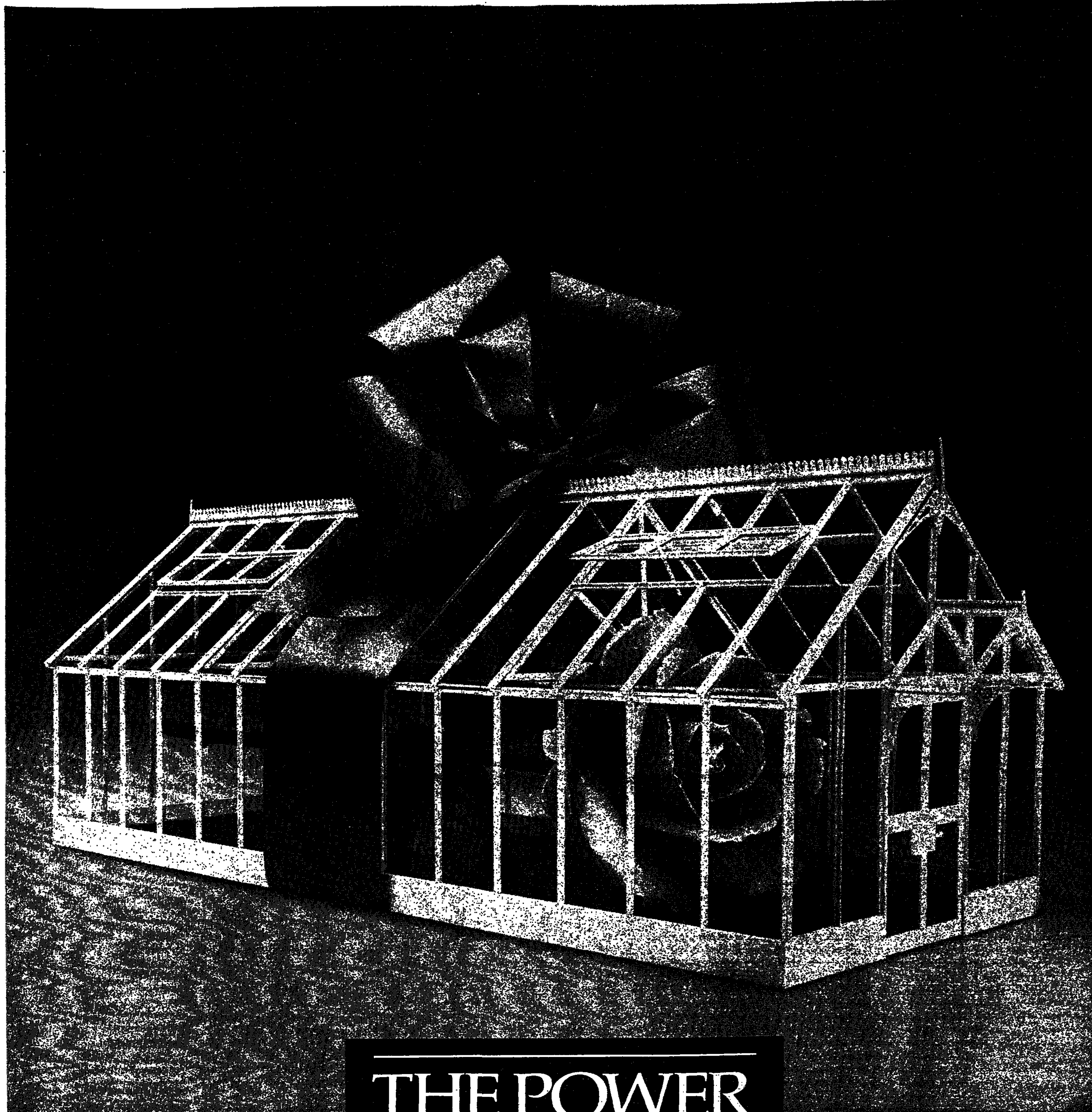

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British COAL

POWER IN THE LAND

Television/Christopher Dunkley

Through Japanese eyes

It is common today for a Japanese household to possess 32 clocks and watches and three bicycles.

In Britain it takes a rape on television at 8.00 pm to cause a scandal but in Japan there was an outcry when the heroine of the popular drama *Inochi* was seen on screen briefly holding hands with a man across a restaurant table.

Though we may regard ourselves as lagging behind in the information revolution, Japanese viewers are told "The British understand that he who commands information flow commands the world," and they are shown the transformation of Reuters and the international activities of Cable and Wireless.

The Japanese do not like outsiders to know it, but there is an "untouchable" class in their society called the "Burakumin" who live in ghettoes and marry outside their own group at their peril.

What we regard as the dumping of photocopiers on European markets, the Japanese see as the sensible filling of gaps left by European manufacturers. Where Europeans see prices in their own countries below those charged by the Japanese at home, the Japanese see copiers with different specifications.

The violence in the Samurai dramas on Japanese television is more explicit and bloody than anything you see on television in Britain or the US. Moreover, comics available routinely on street corners in Japan and selling in vast numbers show sadism and violence — especially towards women—of a sort which would only be found in this country in Soho back rooms.

The streets of Tokyo are among the safest in the world. Rape is virtually unknown, and young women walk alone, day and night, in safety. For each armed robbery in Tokyo there are 252 in New York.

These days you can walk into a Japanese car showroom and have the specifications for your new vehicle transmitted electronically to the factory where they are bar-coded so that a car can promptly be assembled to your precise requirements: bespoke motors.

These oddly assorted facts which happen to have stuck in my mind are like a cup of water snatched from Niagara: just a sample of the torrent which is pouring out in the course of Channel 4's fascinating Japan Season. Running throughout September, it is presented mainly in two forms: British programmes about Japan and, in greater numbers, Japanese programmes originally intended for Japanese audiences.

Even for someone who has regularly watched Japanese entries at international television festivals, such as this week's Prix Italia in Vicenza—especially for such a person, perhaps—Channel 4's programmes have been eye-opening. At festivals the Japanese tend to enter programmes about a little bird, a young girl (probably blind) and the wind, or some such combination: a television version of a Hokusai screen painting which reinforces every standard foreign assumption about the delicate and inscrutable nature of the Japanese.

But by screening *Inochi*, with its steam trains and hospital romances, *Foreigners Singalong Contest* looking for all the world like an oriental Eurovision Song Contest in drag, and, above all, *Naruhodo* Channel 4 has knocked that stereotype for six. *Naruhodo* is a travelogue quiz show which is anything but inscrutable. It stems from precisely the same assumption as ITV's *Clive James On Television*: that foreigners are silly and the thing to do is laugh at them.

To be fair, the Japanese did find some wonderfully eccentric Britons for last week's *Naruhodo*: men who fly large radio controlled model aircraft built in weird shapes — a flat iron, a pint glass on a beermat, and a large pink pig for instance. Happily Japanese viewers were told the idiomatic significance in English of flying pigs. Less happily they were encouraged to laugh at a group of Solomon Islanders who were digging in the sand for buried eggs — an activity which is surely no funnier than lifting potatoes or harvesting rice.

It is the xenophobic appeal lying at the heart of *Naruhodo* and *Clive James on Television*, both tremendously popular programmes in their own countries, which makes you begin to think that perhaps there is not much difference after all between the Japanese and the British. Go on to watch a diverse collection of programmes intended for Japanese viewers and, once you are on the *qui vive* for such matters, you can easily find details to prove that the Japanese are not really different from us at all.

In *It's Our World: Mother Ocean*, for example, a teenage girl expresses her shame about her mother, "All you do is eat and watch television and sleep!" without taking any account of her widowed mother's dreadfully hard life as a pearl fisher. It is a case of adolescent gaucherie which could no doubt be reproduced anywhere. In the first episode of *Showa* the Japanese delegation to the 1919 Versailles Conference were seen concentrating on inserting an anti-racist clause in the peace treaty, in reaction to growing anti-Japanese feeling on America's west coast, then being settled by numerous Japanese: nothing very impassive or outlandish about that.

And so it goes on, with detail piling upon detail, suggesting that the similarities between us are greater than the differences: an entire studio audience in *TV At Random* playing "Hic Hac Hoc," the staff of a computerised steelworks in *Japan Project* worrying about unemployment, but still asking "If we get manpower down to zero—what then?", and in a subtle and revealing programme called *Turning Japanese* about Japan's influence on northern England, made by Rebecca Dobbs for the "Eleventh Hour" series, the fact that when the Japanese defeated the Russian navy at the beginning of the 20th century they did so in a fleet built on the Tyne. Two stoical, undemonstrative, proud island races: perhaps we are really brothers under the skin?

Then you come to Peter Spry-Leverton's excellent four-part documentary series *Japan* and you begin to wonder whether, perhaps, high-rating television of the sort you have been watching so far is popular precisely because it is designed to appeal to the lowest common denominator among viewers, and consequently abandons all hints of cultural complexity.

The attraction of *The Price Is Right* and even (arguably) *Dallas* is virtually beyond culture, and maybe it is that which

Scene from "The Seven Samurai"

explains their international success. But although those programmes do not reflect the fact, the countries in which they originate do, of course, have complex cultures.

So, too, does Japan and the documentary series of the same name reveals some of its aspects very cleverly, almost slyly, by working outwards from exactly those stereotypes with which so many of us begin. What we do know about the Japanese? That they bow to one another, that they write in a wildly exotic script, that they use team spirit to make remarkably dependable motor cars which sell highly successfully on the world market.

Such facts are used by Spry-Leverton as gateways into the cultural antecedents which formed today's society: the obsession with pecking order (bowing), the Chinese influence (alphabet), the amazing co-operative farming methods, with favours granted in one generation and paid off by another (teamwork). Even the familiar giggle behind the hand is used as a link in the chain of manners between such ancient rituals as the scent game and today's mores.

While the Channel 4 programmes from Japanese television might leave you with the idea that the Japanese are really much like us—even the background music is consistently Western/international — *Japan* (which, being British, uses "real" Japanese music!) leaves you in no doubt about the fundamental differences:

School meals are served by the children, school buildings cleaned by the pupils.

The vast majority of those sent to prison do not offend again.

Living with earthquakes teaches you to come to terms with rapid change.

The most likely confessor for marital problems is the team leader at the factory. And so on, and so on.

Thus while it may seem reassuring to discover the mass of the Japanese public enjoying many programmes similar to our own, the superficiality of such popular television can be utterly misleading. What Spry-Leverton's deeply thoughtful documentaries prove is that you are likely to learn more about the true nature of Japan from *tonight's screening of* Kurosawa's movie *The Seven Samurai*, set in the 16th century, than from any number of today's Japanese soap operas and quiz shows.

The Pearl Fishers/Coliseum

Max Loppert

This is a perennially fresh, joyously beautiful opera, and it is also a popular one (as regular *listeners* to "Desert Island Discs" know, the Temple Duet is a staple castaway consolation). Strange that it should have been allowed to go missing in London for so long; a Scottish Opera showing at the Dominion a few years ago was all Bizet-lovers have had to sustain them since Sadler's Wells days.

Happily, the wait is now over: a new English National Opera production opened on Monday. The important thing about it is that it is expertly cast and conducted, well played, and sung with considerable charm and skill; the production is a less happy aspect of the evening, but as the music dictates success or failure—and as it here triumphs—the various stage infelicities are not allowed to cast any big clouds on the happiness of the revival.

If one wants to demonstrate the strange, unpredictable, and, indeed, magical power of music in opera, *Les Pecheurs de perles* is a useful example to pick. The story—transferred at a late point in the work's genesis from Mexico to Ceylon—is uninteresting (one of the librettists is supposed to have said, after the first night, "If we had realised Bizet's talent we should never have given him *cet ours infame*"). It is weak on character—apart, perhaps, from that of Zurga—and too reliant on coincidence as a plot manipulation; the whole thing falls completely to pieces at the end (no wonder the denouement was tinkered with, even though unhelpfully, at various stages after the unsuccessful premiere). The musical numbers themselves are of uneven quality—sometimes largely so, sometimes in only a passing lapse from grace.

And yet the experience is a blithe one—so it was, at least, at the Coliseum—for the vernal invention of the score creates a theatrical idyll, innocent enough in all conscience, but extraordinarily potent into which the audience is drawn from the very first notes. Hearing it again in the theatre, and especially in a performance conducted by Charles Mackerras with such a wealth of appreciative affection and light-fingered exactitude, one remarks with wonder the young Bizet's ability to conjure up real opera out of a few notes, a single chord, a sustained pedal point, a cor anglais solo.

Again and again—in the first phrases of Nadir's romance, in the woodwind punctuation of Leila's "Comme autrefois," in the falling melodic shape of Zurga's great last-act aria—Bizet's grip on his slight narrative, and his ability to transform that slightness, prove continually astonishing. This is both a "chorus opera" and an intimate one (there are only four principals, and Nourabad, the fourth, is of minor importance); the shining purity of the music, its ability to sound new-minted reconcile any difficulties of theatrical scale caused by youth and inexperience.

It demands above all three sympathetic, stylish, distinguished leading singers blessed with finely-tuned (in all senses) vocal equipment. Belting and verismo emotional tricks are out of the question, eloquence and distinctness of tone and line are everything. Without pitching praise unreasonably high —*for the standards set by the* mighty roll-call of *Pecheurs* singers on records are exigent—one must congratulate the ENO

Alastair Muir

Valerie Masterson

on having met those demands so uncommonly well.

In a most imaginative feat of casting, Sergey Leiferkus, the Kirov Opera baritone, whose recent Chaikovsky performances with his home Russian company up the road have left echoes resounding all around Covent Garden, has been brought in to sing Zurga. He gives a star performance. Leiferkus is not, of course, a stage-hogger or a self-satisfied voice merchant; his is the star quality relayed by handsome presence, elegant demeanour, a compelling command of the stage—and by singing. His beautifully formed high baritone, an instrument of rare excellence, fills every turn of phrase with controlled power, smoothness, and vitality. He sings the John and Nell Moody translation clearly, feelingly, and with a communicative intensity that lend the strongly accented English a special appeal.

Valerie Masterton, the company's (and the country's) leading "French" soprano, is Leila—exquisite in delicate detailing and floating of her phrases, slightly dry in low-lying passages, ravishing as the line rises. The dusky skin-toning suits her to admiration. Adrian Martin's well-nourished, natural-sounding lyric tenor is not yet perfectly groomed for Nadir's music (Mackerras sets him an uncomfortably slow tempo for romance), but the freshness and sensitivity of approach are unforced. There is some brave choral singing (and, it must be said, some persistently shaky ensemble). The good WNO edition of this editorially confusing opera is used.

Over Philip Prowse's production and designs one need not linger very long. Simply put, this is, I would say, one of his few thorough-going failures of theatrical judgment—visually a messy, ill-blended mixture of colours and textures (not much Indian Ocean sensuousness here!), a staging at best (and indeed quite pleasantly) old-fashioned, at worst mildly irritating in its added silent presences (who on earth are those Somerset Maugham-style down-at-heel Europeans, that exotic female figure of Nemesis haunting Zurga?). Fortunately, no real harm is done, and nothing really troubling crops up in the presentation to impede the pleasures of the music.

The Big Knife/Albery

Michael Coveney

If the recent experience of David Puttnam is anything to go by, Tinsel Town remains as impervious to well-intentioned ideologues as it was in 1949, when Clifford Odets wrote this bilious bite at the Hollywood hand that had fed him for some years.

Charles Castle is a sloshed hulk of a leading actor whose wife Marion wants him not to sign a new 14-year contract. Once dubbed "the Van Gogh of the American theatre," Castle has lost touch with life and his enthusiasm for Roosevelt. He once ate roles like a hungry tiger but now just imitates himself in bad scripts. He has been electrocuted four times in the last 10 pictures.

Odets's character remembers enough of himself to be worried. He yearns for New York, buffeted by such portentous warning signs as the fellow author's diagnosis of his half-idealism as a peritonitis of the soul. The fellow author also fancies his wife.

This play can be thunderous even in quite modest productions; it certainly was at Watford five years ago with Ian McShane lending a brute woodenness to the part created by John Garfield. But something is seriously wrong with the Albery revival (imported from the Thorndike, Leatherhead).

Robin Lefevre's direction leaves one's withers unwrung and sets inquisitive hares of doubt racing through Odets's reputation. If Castle is, deep down, such a good guy, why has he not taken the rap for the fatal car accident? A child was killed and the moguls gum Castle to the dotted line in exchange for maintaining the hush up.

Everyone behaves oddly in Grant Hicks's initially seductive cream Beverly Hills house, designed with scant regard for sightlines. There seems to be no front door and the fellow author (Ray Jewers) has an unexplained limp. A pool table is obscured by a white grand piano. Martin Shaw as Castle holds his cue tip-downwards. Shaw's Castle is altogether mysterious, an underpowered mixture of Montgomery Clift and Marlon Brando, entirely lacking the sense of a large, *boozed wounded animal* the script demands. And I am afraid that the subsidiary casting betrays the Home Counties origins of the production.

The real victim emerges as not Castle but a garrulous studio nymphet who was with *him on the night of the accident*. The attempts to hush her up are more murderous, but Georgia Allen seizes the chance to relate the misery of a party supernumerary ("Four hat-check girls in three years") hired for her body. This is where Odets anticipated Kenneth Anger's *Hollywood Babylon* and countless kiss-and-tell biographies. Shock value now is diminished, but it must have been shocking, once, to see the moguls protecting their interests by bugging the social lives of those married to the contracted stars. It still is, but only to a small extent.

The studio tyrant Marcus Hoff is played with chilling nastiness by James B. Sikking, an American guest from *Hill Street Blues*. But he seems to be in a different play, a sort of camp nasty.

Gayle Hunnicutt gives a physically assured but emotion-*ally timid performance* as Marion. You simply do not understand why she stays with

Gayle Hunnicutt and Martin Shaw

this wimp. And David De Keyser makes a big German Jewish fuss of the agent who will push *his client so far but reserves the right to stay behind.*

The production does not buzz or sing in the way that, old-fashioned and melodramatic though it is, it still might. The sacrifice of human dignity on the altar of corporate performance *is not, after all, a foreign* concept. But the knife here is blunted and *somewhat* rusty.

Ambulance/Theatre Upstairs

Martin Hoyle

They are all in the gutter in Gregory Motton's new play, but some of them are looking at the stars. At Anabel Temple's star-spangled set, to be precise, which provides cartoon five-pointed stars, glittering lights and even a glimpse of the milky way in a mixture of styles that reflects the writing. For though Mr Motton's characters are winos, derelicts, misfits, the lonely and the feeble-minded, the play's mood is faintly surreal, a grim Punch and Judy where violence and deprivation are stylised into a *danse macabre* through a night world of launderettes, dirty streets and the flashing blue light of the ultimate threatening authority: the police.

Martin keeps binoculars clasped compulsively to his eyes. His face is hideously scarred with a burn that extends down his body. He rarely manages articulate speech. Pedro is jerkily voluble, sardonic, contradicting and commenting on himself and casually attaining a sexual climax as he hugs this wide-eyed innocent. Johnny and Ellis are drunks. Tina is a mentally subnormal young mother who loses her baby. Mini-skirted Louise rages in drunken jealousy when her crippled Clivey hobbles off with jailbird Mary, who in turn has been deprived of her child for biting-off a prison officer's ear.

Lindsay Posner's direction fails to resolve the clash between stylisation and the naturalistic, never more so than when two policemen prowl with Pinter-like menace round the corpse they are seeking without apparently noticing it. The occasional jokey exchange in the writing falls flat since the audience's ear is attuned to heightened language that verges on the poetic.

Constant themes throughout the plot include the yearning for treasure, real or symbolic, somewhere in the cosmos; and the lost baby, found by tramp-like Ellis who is jolted into memories of the conception and loss of her own infant 20 years before. As so often, Patti Love who can seem arch and self-consicious in comedy is harrowing in her desolation.

The talented cast is dominated by Kevin McMonagle's Scottish Pedro, plausible in his domestic fantasies before lurching into madness and shoving his way through invisible walls of mud or ranks of invisible enemies. Adam Kotz is touching in the near-impossible part of Martin; unchivalrously I compliment Julia Swift's excellence as Louise with her "lonely eyes but sociable fat legs"; Robbie Gee's *ferocious humour made* one wish for more of crutch-ridden Clivey; and Natasha Williams is almost the voice of normality as ex-con Mary. Four members of the cast double as policemen, the women very unconvincing in male uniform.

Saleroom/Antony Thorncroft

Scrapings from the attic

Christie's completed the sale of the contents of Orchardleigh Park near Frome in Somerset, bringing in around £1.5m over the two days. It was very much the contents of the back bedrooms yesterday, although a pair of table lamps estimated at around £400 made £2,860 and, among the books, the 69 volumes of the works of the British poets, edited by Thomas Park in 1805, found a new home at £1,980, way ahead of the £250 top estimate.

At the other extreme there was a successful bid of £1 — for a Greek embroidered mat which was expected to make at least £10. It must be a long time since Christie's sold a lot for such an uneconomical sum.

There were also bargains among the old costumes recovered from long forgotten trunks in attics. Two dresses of the early 1870s, one of mauve silk, the other of grey, sold for just £18, as against a £60 top estimate, and six Victorian Christening robes also went cheaply at £70. There was also the opportunity to acquire three sets of footmen's breeches, in black, plus a black metal trunk. The lot was on target at £18.

Top price in the routine furniture sale at Phillips was the £7,480 paid by the London dealer A. & F. Gordon for a George III mahogany breakfast table (top estimate £1,500). A George III mahogany secretaire tallboy chest also did well, selling for £5,940.

At Sotheby's book auction yesterday a copy of the historic drama in verse "The fall of Robespiere," by two young poets, Coleridge and Southey, while still at Cambridge, sold for £2,970, way above estimate.

Sotheby's now groups its sales at its Billingshurst auction room, and the five held there over the past week have brought in £643,280, very much on target. Among the top prices were the £9,900 paid for a collection of around 1,300 architectural moulds, mainly in fruitwood, and the £4,070 for the first 22 volumes of William Curtis's "The Botanical Magazine," with 691 plates. Thomas Rowlandson is best known for his caricatures but he also produced "Sketches from Nature," and the 18 etchings sold for £2,970.

Glass and ceramics did well, in particular Royal Worcester, with a pot pourri vase and cover of 1898 selling for £2,640, and Pastille Burners, one in the shape of a thatched house of around 1835 making £2,310. In the furniture Victorian and Edwardian was in favour as reproduction furniture in the same style now exceeds the original in price. A George IV mahogany coaching table just about doubled its estimate at £935.

Whitehall play to aid Bush Theatre re-opening

There will be a special performance at the Whitehall Theatre on September 30 of *When I Was A Girl, I Used To Scream and Shout* in aid of the Bush Theatre, following its devastation after a fire.

A price of £20 will be offered for the best seats in the Whitehall Theatre and this will include a celebrity reception.

The Bush intends to reopen on October 21, but needs to find a further £24,000.

Ashkenazy link with Cleveland Orchestra

Vladimir Ashkenazy, music director of the Royal Philharmonic Orchestra has accepted the position of principal guest conductor of the Cleveland Orchestra.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 18–24

Theatre

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

WASHINGTON

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seductive master of ceremonies in a Broadway-bound revival of the evocative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center (254 3770).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs. Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. Geoffrey Hutchings in the lead now joined by Toyah Wilcox (836 9987).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

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Mr Kinnock's leadership

THE British Labour Party will be facing its first significant test since the June general election when its annual conference opens in Brighton next week. There have been few indications so far that it will come out with colours flying.

The best starting point is a brief analysis of the election result. As a leader, Mr Kinnock came out well. He did not crack under extreme pressure. He raised issues, such as the health service, which caused the Tories seriously to question their own record. The Labour campaign seemed brilliant at the time, again to the point where it embarrassed the Conservative Central Office.

The Labour Party as a whole, however, did badly, winning little more than 30 per cent of the vote. The most that can be said for it is that it halted the decline, so evident in 1983, and confined the Alliance to third place—overwhelmingly in terms of parliamentary seats, but also by a margin of seven percentage points in terms of votes.

Nothing much has happened since to make the electorate regret the June result. The economy, far from conforming to Labour's prophecies of an imminent crash, has begun to look rather stronger than even the Government was saying.

The main political upheaval since the election has been within the Alliance. No one had suggested that it would fall apart so quickly. Yet the verdict on what is going on between the Liberals and the Social Democrats must still be open. It is perfectly possible that an efficient new third force will arise

Within the broader labour movement the TUC has already held its own conference in Blackpool. It was frank enough to admit that the Labour Party faces problems, but scarcely produced either a rallying cry or a platform for a return to power.

There is, moreover, still a strand in the Labour Party that believes it has failed electorally because it has been insufficiently left-wing. Mr Tony Benn will be holding an assembly of the left in Chesterfield shortly after the party conference to discuss where socialism goes next.

Thus the task of modernising the labour movement will not be easy, even if Mr Kinnock is inclined to try. Some of the signs are that he is not. He has emerged over the years as a conservative figure, committed to holding the unions and the party together and seeing no reason why their interests should diverge, even though over 40 per cent of union members voted Tory at the last election.

Where he has been at times outstanding in the past, however, is in imposing his leadership: for instance, in standing up to the Militant Tendency in Liverpool and in attacking Mr Scargill. Another opportunity will arise in Brighton where the conference will decide on a system of one member one vote (OMOV) for selecting Labour parliamentary candidates.

Mr Kinnock himself has long been in favour of OMOV meaning precisely what it says. More recently he has taken to sitting on the fence because some of the unions would prefer to introduce an electoral college that would give 40 per cent of the vote to the unions, as indeed happens in the election of the Labour Party leader.

Mr Kinnock may say that even an electoral college would be an advance on the activist groups that dominate some of the constituency parties. But the fact is that it would be excessively complicated, open to abuse and is not what he really wants. If he cannot win on this, an issue with which he once openly identified himself, he will be seen by the general public at least as having failed his first main task since the election.

The FT and Pearson

THE Financial Times is a wholly owned subsidiary of Pearson, a diversified group which includes banking, publishing and fine china among its interests. On some occasions, such as today, events at Pearson itself make the headlines. When this happens, the newspaper's policy is to report on the group's affairs in just the same way as it would cover those of any other company—with one exception.

The Lex Column does not comment on Pearson's financial results or on bids in which Pearson is involved. We believe that for Lex to make investment judgments on Pearson—especially in the context of a takeover bid—could raise questions about conflicts of interest and possible access to privileged information. However unfounded such doubts, we do not want there to be any room for uncertainty about Lex's independence.

If the future of Pearson were to raise issues of public interest—in the context of competition policy for instance—then we might wish to make some comment in the leader column. With the exception of Lex, we hope to provide full and objective coverage of Pearson's affairs.

Stalling on steel

IT IS a time-honoured custom for the European Community, when confronted with the prospect of irreconcilable deadlock between its members, to set up a committee of "wise men." True to form, EC industry ministers have agred to ask three such individuals to report by mid-November on the vexed question of how to cut Community steelmaking capacity by 30m tonnes.

Given ministers' difficulty in agreeing on anything else, the decision looks depressingly like yet another delaying tactic. The problem has already been studied to death in recent months by experts in Brussels, by the steel industry and by management consultants retained by Eurofer, the EC steelmakers' club.

The central dilemma is simply described. It is that all the easy capacity cuts, which largely involved marginal steel producers, have been made. Further reductions will require the closure by 1990 of big integrated mills making cold-rolled flat products, which account for roughly a third of the estimated excess capacity. Many of these plants are state-owned and located in depressed regions with high unemployment.

Faced with this political hot potato, the European Commission has chosen not to use its legal authority to impose specific cuts but has called on individual countries to come forward with their own proposals. If the Commission judged these to be satisfactory, it would offer to extend output controls for a further three years.

But while the broad approach has won general approval, other parts of the package have been universally criticised and the Commission appears to have lost the initiative. That may not be entirely a source of regret in Brussels. The discussion has, at least, been moved firmly onto the political plane where it belongs. Furthermore, the buck now lies with Council of Ministers: having set up the committee, it will presumably be under some obligation to take whatever it recommends seriously.

Much may depend on who the "wise men" turn out to be and how they interpret their mandate. This is sufficiently vague to allow them to go beyond simply issuing a report which restates the obvious and to enter into negotiations with governments and steel producers to hammer out a deal.

Indeed, the failure of the Commission and of Mr Karl-Heinz Narjes, who is in charge of EC industry affairs, to engage more fully in behind-the-scenes arm twisting is partly to blame for the current impasse. Mr Narjes's performance looks particularly ineffectual when judged against that of Viscount Etienne Davignon, his immediate predecessor, whose personal authority and horse-trading skills were instrumental in securing many of the steel cuts achieved in the early 1980s.

Predictably, Viscount Davignon's name is being canvassed as a prospective member of the special committee. Perhaps, if he or others of equal stature were to accept the job, there is just a chance that a way could be found out of the deadlock.

But it is no more than a chance. The year-end deadline for decisions is approaching fast and the political obstacles are formidably complex. Many EC governments may be reluctant to budge unless subjected to severe compulsion. The Commission has the legal power to apply such pressure by lifting steel quotas and has threatened to use it. That its threats appear so far to have been ignored is a disturbing sign both of its own standing with EC governments and of how near the crisis in Europe's steel industry is to running out of control.

Rupert Murdoch's News Corporation has spent £250m on Pearson shares. **Martin Dickson** and **Raymond Snoddy** ask why.

An enigma's variation on an old theme

EVEN TO HIS closest associates, Mr Ruper Murdoch, one of the world's leading media barons, is an enigma. The man who made sure that London's Fleet Street working practices would never be the same again, by taking his four national titles to Wapping over a single weekend, yesterday sprang another surprise in the UK.

After weeks of rumours, Mr Murdoch's News Corporation yesterday revealed itself as a major purchaser of shares in Pearson, the information, banking and industrial conglomerate, and by the end of theday had spent nearly £250m for a 14.9 per cent holding—the largest stake to be amassed by one individual since the company went public in 1969.

The move initially puzzled City analysts: was Mr Murdoch trying to repeat his 1984 success as an arbitraguer in the future of Warner Communications, the American entertainment group, and take a swift profit on a share which has been buoyed up by takeover speculation?

Was the stake a platform to launch a bid for Pearson, either on his own or with predators intent on breaking the company up?

Or could it be that News Corporation's public statements yesterday were true: that Mr Murdoch was a friend of Pearson whose ambitions were limited—at least for the next year—to long-term co-operation in publishing and communications.

But Mr Murdoch launched his raid yesterday without consulting Pearson and, as Mr James Joll, the company's finance director, said drily: "It's not the best way to form a new relationship."

Both News International executives and City analysts yesterday poured scorn on the idea that Pearson's shares, which have risen from around 600p at the start of the year to 812.5p on Monday night, offered much arbitrage opportunities to Mr Murdoch, who was yesterday buying them at 925p.

His motives appear to centre on Pearson's information and entertainment division, which includes the Financial Times, a 50 per cent stake in the Economist magazine, book publishers Penguin and Longman, the Westminster Press provincial newspaper chain and a stake in British Satellite Broadcasting, the private consortium which will launch three new national UK television channels in the autumn of 1989.

Yet there are formidable hurdles for Mr Murdoch if he tried to launch a bid for Pearson on his own. First, a change of ownership at the Financial Times would have to be referred to the Monopolies Commission. Both it and the Government—which has the ultimate say—seem unlikely to approve an even greater concentration of Press power in the hands of Mr Murdoch, who already owns five national titles, including The Times and Sunday Times. In June, the Government did allow him to add the Today newspaper to his stable, but whereas that was threatened with imminent closure, the Financial Times is highly profitable, and analysts think it made about £27m in operating profits last year.

Behind Murdoch's numbers there lies an integrated international media business

Similarly, Mr Murdoch's controlling interest in William Collins, the publisher, might mean a Monopolies Commission reference if he tried to buy Longman, the educational publisher, and Penguin, which has expanded rapidly by acquisition in recent years and now includes Hamish Hamilton, Sphere and Michael Joseph, as well as the US imprints of Viking and paperback New American Library.

According to Mr Michael Murphy, analyst at Securities, the Pearson and Murdoch companies could account for 21 per cent of the UK book industry—and more of general publishing.

As for British Satellite Broadcasting, both the Independent Broadcasting Authority and the other shareholders in the joint venture have the ability to remove any stakeholder of whom they do not approve. And the Bank of England would have to approve any change of ownership in Lazard Brothers, the merchant bank in which Pearson has a 50 per cent shareholding.

If all this were not enough, the distribution of Pearson's equity should give it a useful defensive platform. Over 20 per cent of the shares are held by the Pearson family and their interests (though family loyalties might become strained if a bid were launched much above today's share price). A further 10 per cent stake has been built up over the past year—ever since bid speculation began to swirl around the group—by Mr Michel David-Weill, a Pearson non-executive board member and senior partner in Lazard Freres, the US and French merchant banks which are linked with Lazard Brothers in London through a complicated partnership agreement. Another 4.9 per cent of the company is in the hands of Mr Carlo de Benedetti, the Italian businessman, who insists he is friendly to the Pearson management.

Even without these difficulties, Mr Murdoch would find himself stretched to finance a bid for Pearson, which now has a market capitalisation approaching £2bn. Acording to Mr Luke Johnston, publishing analyst at Kleinwort Grieveson, who has made a detailed study of News Corporation, Mr Murdoch's company has a similar capitalisation but has a gearing close to 100 per cent.

Kleinwort's Mr Johnson recently described News Corporation as "the most dynamic media enterprise in the world" and a business that had demonstrated a consistent ability to turn around ailing media properties and to produce better results from the already profitable.

Mr Murdoch has certainly shown great skill in managing the Fleet Street revolution. News International, the UK arm of Mr Murdoch's empire, recently declared pre-tax profits of £111.5m compared with £11.7m in the previous year, although that was a year in which the company carried the full £67m cost of the move to Wapping. And News Corporation recently announced a 39 per cent increase in turnover to A$5.32bn and pre-tax profits up 46 per cent to A$552m.

But behind the numbers there lies the restless creator of what many imitators only aspire to—an integrated international media business.

The interests of News Corporation, in which Rupert Murdoch has a 49 per cent stake ranges from the publishing of newspapers, magazines and books through feature film production to television and the new media of satellite television through Sky Channel.

Some of the non-newspaper interests, however, are far from profitable. Last week, for example, Mr Murdoch announced the underwriting of a £22.6m refinancing of Sky, the satellite channel which is still losing money

One of Mr Murdoch's close associates yesterday denied that the plan is to pursue Pearson's highly-profitable newspaper interests. The Pearson shareholding, he suggested, should be seen as a useful strategic stake. "There is no way he is going to make a run on another newspaper in the UK," he says. So, if Mr Murdoch is sincere in his desire to explore "areas of common interest," what could he and Lord Blakenham, chairman of Pearson, have to talk about?

Expansion of the Financial Times into both the Far East and the US are obvious future options. Mr Murdoch could, for example, print the FT in Australia or at the South China Morning Post. At the moment syndication of FT articles in Australia is in the hands of his great rival the Fairfax organisation. With his large newspaper presence in the US, Mr Murdoch might also be able to help the FT, now printed in Philadelphia, to increase its penetration.

Although Pearson's publishing interests, Penguin and Longman appear to be near direct rivals with Collins and Mr Murdoch's recent US acquisition Harper & Row, there might be possibilities for rationalisation and co-operation in the increasingly competitive and international publishing world.

The extraordinary single-mindedness with which Mr Murdoch has gone about realising his vision of a global media empire presents a considerable contrast to the history of Pearson.

The company was founded by the family of the same name in the mid-19th century and built up over the decades into a motley collection of businesses, often described by critics as "a collection of a rich man's playthings." Apart from publishing and banking, these include a large oil services business in the US; Royal Doulton, the manufacturer of fine china; Madame Tussauds, the waxworks; and a majority stake in Chateau Latour, the great claret.

All this has given the company a rather gentlemanly image, which has been compounded by the fact that its chairman, the quietly-spoken Lord Blakenham, is a member of the Pearson family. However, since becoming chief executive in 1978, he has pushed through a series of reforms

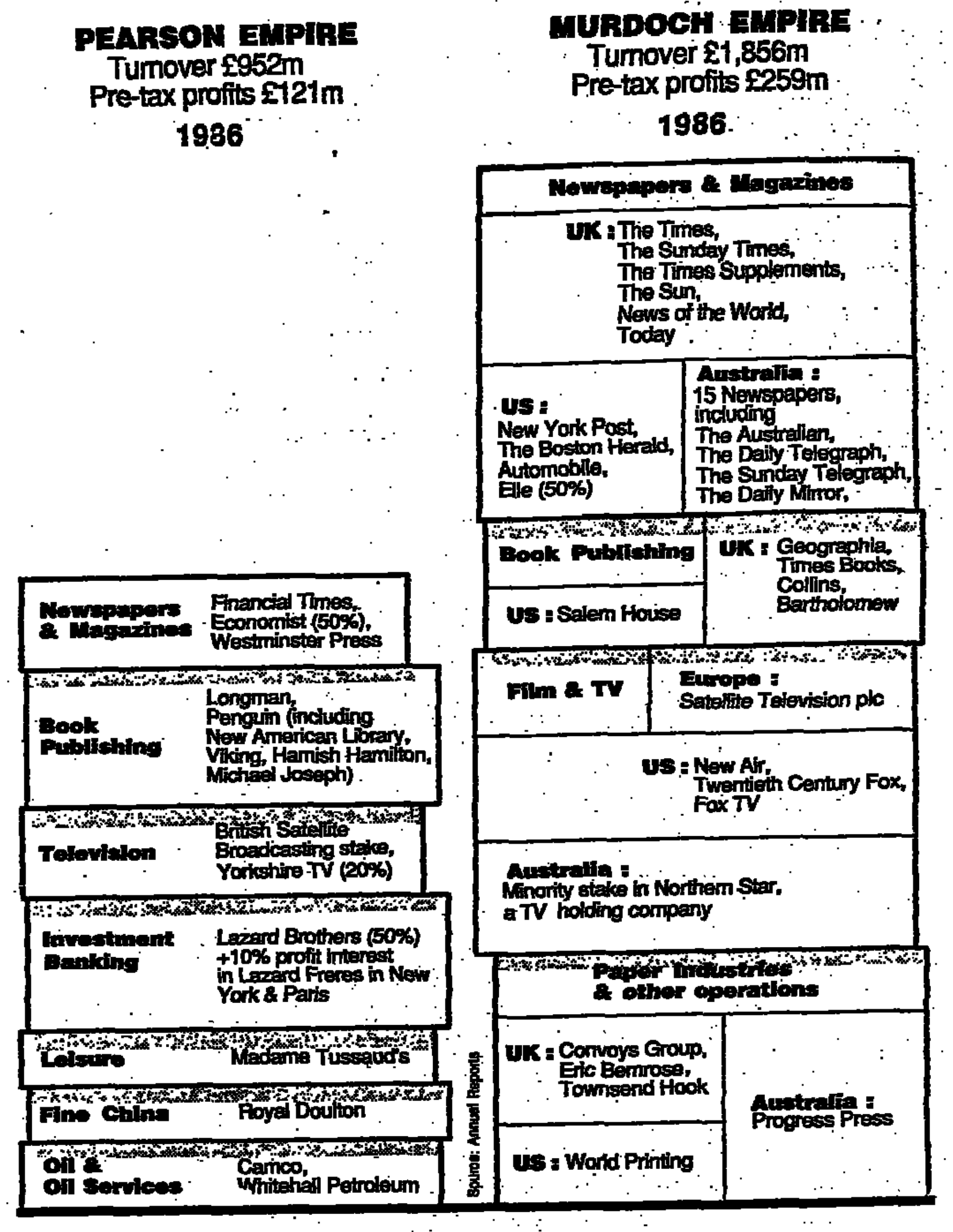
First, he has improved the quality of Pearson's line management, bringing in new blood and removing the air of complacency that had hung over some parts of the group. American Peter Mayer, for example, has restored ailing Penguin books. Second, Lord Blakenham began building up Pearson's four core activities — publishing and entertainment, banking, oil and china

Third, he has strengthened the role of the centre by scrapping Pearson's curiously anachronistic layer of industrial holding companies, directly beneath the main board,

All this has helped the company's performance—earnings per share have grown at an annual rate of 22 per cent compound since 1982 and analysts are forecasting pre-tax profits this year of £140m, up from £121.1m in 1986. Pearson's standing in the City has risen accordingly, but some analysts nevertheless argue that the group is still not sweating its assets as hard as it might.

Mr Murdoch's stake is likely to focus fresh attention on this issue, and on the very rationale for the existence of such a diversified group in an age when conglomerates are distinctlyl unfashionable.

But doubtless many corporate raiders would also lay claim to such virtues, Mr Murdoch among them. And until News Corporation's ultimate intentions become clearer, Lord Blakenham will tread very carefully with his "friendly" new shareholder—the man who took on the British print unions and won.



New backing for biotechnology

The banking house N.M. Rothschild has spawned a rival to the trust it set up five years ago to specialise in biotechnology and closely-related shares. Biotechnology Investments was the invention of Lord Rothschild, the Cambridge biologist, and former head of the Whitehall "think tank." It has been managed by David Leathers, an accountant, and has been famed for the rigorous selection process required by Rothschild in selecting additions to its portfolio.

But now Leathers, aged 44, has moved out to start his own biotechnology trust. He has taken with him his assistant, Stephen Bunting, aged 34, who is a bio-scientist.

Biotechnology Venture Fund, as it is to be known, is backed by Abingworth Management, and is registered in Luxembourg. It is modelled closely on the Guernsey-based Rothschild trust.

Also it will stick to the same policy of dividing investments between quoted biotechnology and medical technology companies, and unquoted biotechnology "boutiques" looking for finance.

Leathers says frankly of his policy of adhering to the Rothschild principles for profiting from biotechnology, "I could have changed it if I thought it was necessary. But I saw no need to do so."

Biotechnology Venture Fund has raised $50m—the same sum as Rothschild began with in 1982. Today his fund is worth more than $150m.

Leather's main investments will be in companies at an early stage in their development, for which there is no public market. The trust will invariably be a minority shareholder. Proposals are already [illegible]ling in, he says, but so far only $2m has been committed.

Will the two biotech trusts turn out to be rivals? Rothschild says diplomatically that Leathers was always personally very ambitious. Leathers, for his part, says he hopes the two trusts might collaborate rather than compete. But he admits there is bound to be overlap between the two portfolios.

Men and Matters

El-Sayed's mark

Refaat El-Sayed's precipitous fall from grace is likely to be completed tomorrow in the Swedish bankruptcy courts.

Less than two years ago he was being billed as the richest man in Sweden, and being feted by Swedish television news as the "Swede of the Year."

The Egyptian-born entrepreneur first mesmerised, and then scandalised, the Swedish business and financial community with his mercurial leadership of Fermenta, the antibiotics and chemicals concern.

It has all developed into Sweden's worst business scandal in half a century.

For the last 18 months El-Sayed has been trying to free himself of the crippling debt burden which he was left with after the resounding collapse of his daring plan to take over Pharmacia, Sweden's leading biotechnology group, aided by Volvo and its chairman Pehr Gyllenhammar.

After El-Sayed was ousted from the company at the end of last year, and was informed by the public prosecutor that he was under investigation for suspected serious fraud and book-keeping offences, he continued to travel indefatigably in search of new financial backing.

He has tried desperately to maintain a presence in Fermenta—which he sees as his own creation.

Ironically, one of the first men he contacted, Arie Genger, a New York-based financier and businessman, and former Israeli defence ministry aide, is presently bidding through his company Trans Resources, for most of the Fermenta assets.

But he has been forced to give the most solemn assurances that El-Sayed is not involved in the proposed deal.

The patience of El-Sayed's main creditors, the two Swedish banks Gotabanken and Nordbanken, has finally snapped. Both banks, and the tax authorities, have now filed bankruptcy petitions against him which will be heard in a Stockholm district court.

The banks have already taken heavy write-offs on their exposure to El-Sayed. He has also left his mark on the balance sheets of Volvo and Industrivarden, the investment company which most reluctantly is holding a 40 per cent voting stake in Fermenta since El-Sayed defaulted on a SKr 570m loan.

Meanwhile, the publishing industry is doing rather well out of El-Sayed, with two books published already this year, and a third due shortly.

Name calling

Laurie Milbank, the British brokerage house, achieved brief and unexpected fame last year when the Japanese authorities balked at giving a securities license to a company whose name included the word "bank."

After much negotiation, the Japanese affiliate of Laurie Milbank opened its doors as LM Securities. "Some people thought it was a cigarette," says Robert Binney, general manager in Tokyo of Chase Manhattan Bank, LM's parent company.

A Japanese finance ministry official, appreciating the humour of the situation, suggested it meant Large, Medium, and Small.

In any event, it seems that LM's life as a name is going to be very short.

The ministry of finance has eased its policy on names, thus allowing the new Japanese securities affiliate of Morgan Guaranty Bank of the US to be called Morgan Securities. Within minutes of this announcement, Chase was on the phone to the ministry demanding to be allowed to put its name on LM's door.

Chase, which also owns another British brokerage house, Simon and Coates ,has resisted the temptation to rename the Japanese affiliate Chase, Laurie, and Simon. As of October 1, it will be known as Chase Manhattan Securities (Tokyo).

Meanwhile, another big US bzank, Citicorp, has also won ministerial permission to put its name on th edoor of its securities affiliate, Vickers da Costa.

But a Vickers official admitted in some embarrassment that there was still some internal wrangling about whose name should go first.

The smart money, I'm told, is on Citicorp Scrimgeour Vickers, the same name the group uses in London.

Gispo people

Forget Filofax. What the aspiring young executive has to have these days is a Gispo.

That, at least, is the story being put about by the Industrial Society, which reports astounding demand for the Gispo since it began marketing it four weeks ago.

This latest accessory that you never knew you needed is the brainchild of the society's graduate groups — hence "Graduate Industrial Society Personal Organiser" and is a pocket-sized binder including checklists on such mattees as leadership, stress management, communication, and report writing.

Customers so far include Ford UK, which has snapped up 100, and Deloitte Haskins & Sells, which has taken 50 for its graduate trainee accountants.

The price of £30 each makes Gispo cheaper than Filofax—but it's still pretty pricey for a glorified set of crib sheets.

Observer

A view of Japan

A collective lesson for Thatcherism

By Ronald Dore

THERE ARE many ways in which the world is lucky to have at least one rich industrialised country with its cultural roots around the Yellow River rather than in the Mediterranean. We can all learn from Japan, and not just by directly borrowing the techniques of just-in-time manufacturing or quality circles.

To start with, Japan can offer sobering warnings about our future—about Thatcherite meritocracy, for instance. As British sixth-forms gear themselves increasingly to Oxbridge entrance exams, and seven-year-olds are crammed for competitive entrance to prestige prep schools, it is worth taking a look at Japan's "examination hells." Japan is further ahead in the meritocracy business. For the best part of a century there has been pretty strict rationing of educational opportunity, and job opportunity, by brains rather than by money or family connections. (The Chinese started it, of course, about two millennia before the James Mills and the Macaulays began trying to rationalise our Indian Civil Service.) The results, in Japanese social and industrial efficiency, are visible in every other British shop. The costs, in conformity, suppression of individuality, neglect of intellectual excitement, are all too easily hidden in a separate account.

Japan also serves, not just as a *warning, but as a means of usefully sharpening and illuminating important political issues.* Take "choice," for instance, the current buzzword of British politics. The Dewsbury case is a splendid example of the interdependence of individual choices. What the protesting parents want is to choose their children's fellow-pupils. But that means each parent's choice alters the conditions of every other parent's choice. And a cumulation of choices can have social consequences—racial and class segregation and antagonism, *for example—which no individual chooser intends. In* Japan, with its instinctive collectivism, hardly anyone questions the need to make school catchment areas a matter for collective, not randomly cumulated individual, decision.

So it is with free collective bargaining, too. A trade union leader can, of course, choose *to do his bit against inflation* by moderating his wage demands. But he would be foolish to do so unless he knows that others would do so too. That is the argument for incomes policies. And that is why collectivist Japan does have a kind of unofficial, mutually reassuring and mutually constraining incomes policy in its *Spring Offensive.*

The Japanese restraint of choice goes much further than that. Suntory, the drinks giant, losing on declining sales of whisky, wanted to move into *the expanding market for* shochu gins. Japan's Ministry for Trade and Industry's "guidance" stopped it—out of deference to the mass of little men in the shochu business. Likewise, the growth of supermarkets has been greatly hampered — and distribution costs kept inordinately high—by a concern for the small retailer.

Two crucial questions arise. Choice, free markets, competition, efficiency are seen in Britain as indissolubly linked. Is it that Japan's collectivism *actually enhances its international* competitiveness? Or is it that the Japanese are so efficient in other respects that they can afford the drag on efficiency which these market distortions imply? The former, I suspect. A concern for fairness and cohesion does have a pay-off, via political stability, policy predictability, more co-operative *worker-manager and supplier-*purchaser relations—and fewer Securicors.

Second: the social cohesion of contemporary Japan can be quite reasonably described as *a hang-over of the primordial* emotions of a simpler society —a beehive society. Does the same thing apply to the 20th century collectivism of the UK? Was, say, the Beveridge philosophy *of universal benefit* rights, underpinning universal citizen dignity, primarily a product of world war solidarity, of gore-and-glory patriotism? Has it now gone beyond recovery in our present, more individualistic conscriptionless, choice-demanding society? Is, say, the "minimal safety-net for failures" the only form of social security—and eventually the only form of state health service—we are ever again going to be willing to pay for?

Whither collectivism (not corporatism) is what the split in the SDP is basically about. The very extremeness of Japan helps to sharpen the issues. Perhaps David Owen and Shirley Williams should take a trip there together.

The author is Visiting Professor, Imperial College, London. His book, Taking Japan Seriously: *A Confucian perspective on leading economic issues is published this week by the Athlone Press.*

Ford's pay deal could prove a hard act for GM to follow, says **Anatole Kaletsky**

The price of job security

AT FIRST SIGHT, everyone seemed to be a winner in the historic pay deal struck last week between Ford and the United Auto Workers (UAW). Yet there was little jubilation, either in Detroit or on Wall Street, over the amicable resolution of a pay negotiation, repercussions of which may be felt throughout US industry until the end of the decade.

In a sense, everybody did win. The union won the guarantees *of full employment for which* it had been struggling since 1982. The management struck a pay deal which it could readily afford. And to the world's financial markets, eyeing the US economy *neurotically for* any hint of resurgent inflation, the Ford pay deal could be reassuring.

Because of the interaction between basic pay rises, cost of living adjustments and unconsolidated lump sum bonuses, Ford workers' real take-home pay, excluding profit-sharing, will be scarcely higher this year than last. Over the three-year life of the contract, wages should rise at an average annual rate of only 1 per cent above inflation. Considering that Ford is the most profitable company in America and that the UAW is still the country's strongest labour union, this deal can hardly be described as the first ominous twist of the dreaded wage-price spiral.

Why, *then, is nobody* cheering?

The reason is quite simple. In the past, a deal between the UAW and either Ford or General Motors (GM) would have been *followed* quickly, and amicably, by a virtually identical agreement with the other great car maker. This time, however, the real battle is still to come.

GM, America's biggest private employer, with three times as many workers as Ford, is almost certain to reject the most important contract provisions that its competitor has agreed. Ford's concessions on job security will be the biggest stumbling block.

Ford has already completed *one of the biggest corporate slimming courses in history* — cutting its UAW payroll from a peak of 190,000 in the late 1970s to 107,000. GM is only just beginning to trim the layers of fat padding its gigantic corporate girth. It employs 350,000 production workers, only 20 per cent less than it did in 1979. But all this is about to change, with or without the UAW's acquiescence.

Not only are 30,000 car assembly jobs due to be shed, as a dozen highly mechanised plants replace operations that have been planned for closure since the early 1980s. But also, and more importantly, GM is determined to cut ruthlessly its enormous components business, which employs 180,000 UAW members—more than the *total at Ford and Chrysler put* together.

While Ford now goes to cheap foreign and domestic suppliers, many of which are not governed by UAW pay rates, for roughly *60 per cent by value of each* vehicle's components, GM's outsourcing amounts to less than 40 per cent. The difference between these two figures goes a long way to account for the gap between the two companies' profitability and GM executives have said repeatedly that they are determined to outsource at least a further 10 per cent of components — with inevitable job losses in-house.

For the UAW negotiators, fresh from their victory on job security at Ford, it will be almost impossible to sign a GM contract that gives the company the freedom to go on making tens of thousands of its workers redundant. For GM's management, under pressure from disgruntled shareholders as well as the competition and the unions, it will be out of the question to promise anything else.

With GM's stocks of unsold cars near record levels and the UAW's strike fund estimated at more than $690m (£418m), a bitter and protracted confrontation could be on the cards. The consequences would be considerable not only for the company and the union, but also for the US economy, of which the motor industry is still the biggest single part.

How different the picture *would be if only one could* ignore GM's perspective. Consider the UAW's vantage point: "Pay is important, but it isn't important unless you have a job," was the way that Stephen *Yokich, head of the UAW's* Ford department, characterised the union's demands.

Unveiling the deal's outline last week, he was able to state unequivocally that he had achieved *his objectives;* although leaks in the past *few* days—the contract documents remain confidential until they are ratified by the union's local branches—suggest that Mr Yokich's victory was not as complete as he originally claimed, since Ford has insisted on limiting its financial commitment to job security.

Nevertheless, the guarantees the union has won are unprecedented. Ford is contractually bound to preserve the jobs of every one of its present 107,000 UAW employees *for* the next three years. It is also prevented from reshuffling job numbers between its 80-odd facilities scattered around the country, or reallocating them between skilled and unskilled workers in any one plant without the union's agreement.

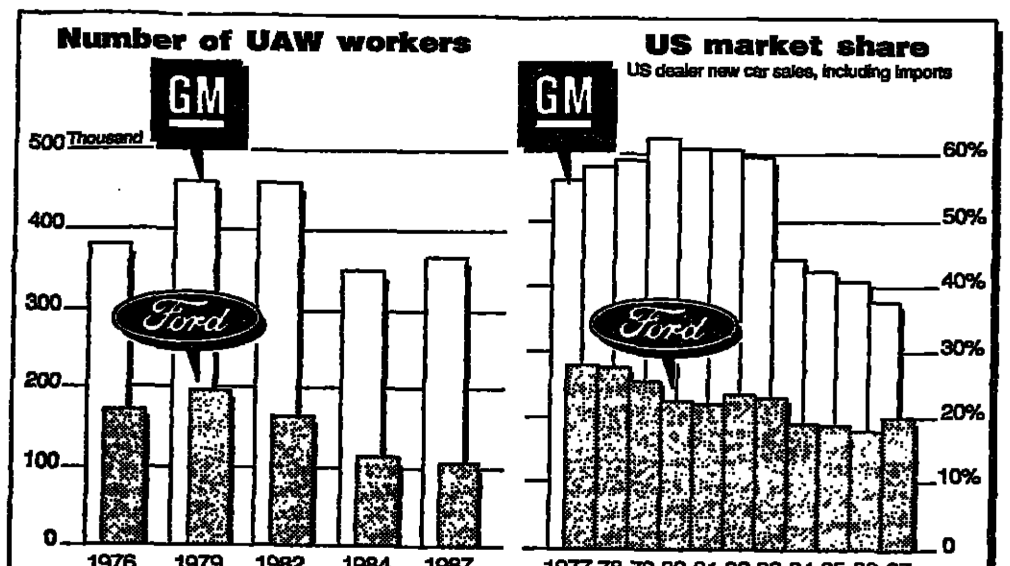
The only exception to maintaining full employment relates to a general decline in the demand for motor products. Remarkably, Ford had apparently agreed to keep its workers on the payroll through any decline in its domestic car sales, unless these are demonstrably due to causes outside the management's control. Thus, while lay-offs are permitted in an industry-wide recession, they are not allowed if the company *decides* to replace domestically-made cars or components with products from its factories abroad. There even seems to be enough assurances to satisfy the union if jobs are *threatened by a decline in* Ford's market share caused by management "failures."

Most importantly from the union's standpoint, Ford has reinforced the guarantees for *its present workers with a commitment* to hire one new UAW employee for every two that are lost through retirement or resignation.

Admittedly, there is a caveat to Ford's assurances. There *is* a limit of $500m on the total cost of keeping surplus workers on Ford's payroll over the three-year life of the contract.

This obviously weakens the job security provisions, since that amount would cover only about 10,000 man-years of wages and benefits. However, even with the $500m cap in place, the UAW has succeeded, in the words of one official, in "making it very expensive for Ford to think of sending jobs abroad or otherwise displacing any of our members."

These things represent constraints that would have been unthinkable a few years ago on "management's right to manage," and all without the UAW making much of a sacrifice on pay. The 3 per cent rise in basic wages in the first years, followed by one-off bonuses of 3 per cent in the next two years, comes on top of the preservation of full cost-of-living adjustments, and will ensure that Ford blue-collar workers remain the best paid in the country.



From the management's standpoint, the company has got away with a fairly inexpensive agreement, considering that it was negotiating from a position of unprecedented wealth. This year has been a financial *annus mirabilis* for Ford It has $9bn in its corporate coffers, its US market share has been increasing strongly after a decade of decline and it is in the process of overtaking IBM as the most profitable company in the US and probably the world.

Even more importantly, Ford has preserved an amicable relationship with the UAW which should allow it to keep up the pace of plant level work practice reforms and productivity improvements. Under these circumstances, management and shareholders can feel quite contented about a deal that gives workers scarcely more than they received in their last contract, which was negotiated in 1984 when the company was under serious financial pressure.

Best of all for Ford, the pay rises will probably be paid for by productivity growth. Assuming inflation of around 4.5 per cent a year, analysts put the total cost of the new contract at between 4 and 6 per cent per man-hour annually. But Ford's output per man-hour has been growing by 6 per cent a year, a rate *of improvement* that should continue until the end of the decade.

How will this kind of productivity growth be possible within a framework of job security? The *annual turnover among* the blue-collar workers is about 6 per cent. Because the company is allowed to eliminate half the jobs lost through natural wastage, this should deliver roughly half the productivity improvement.

The rest will have to come from reductions in overtime, which averages about 10 hours a week. Of course, the ample amount of overtime worked at Ford is largely a consequence of the 45 per cent reduction the company has made in its workforce.

As the UAW negotiators move over to GM this week, they will certainly be reminded that Ford has no magic formula for preserving jobs: it simply got rid of its surplus workers more promptly. The forthcoming bargaining is likely to be *dominated by one question:* will it take a very damaging strike to drum in this sobering message?

Letters to the Editor

BA-BCal merger

From Mr R. Bonhoff

Sir,—It is a fallacy to believe that the competitive position of the UK would be improved by the creation of only one major airline "flag" carrier. Travellers and traders using civil aviation, want choice in the same way as people want choice of cars, banks and other products and services; in other words: competition.

The EC of which the UK is a member needs strong, efficient air carriers to compete with carriers of other European and non-European countries. Strength and efficiency is not only the effect of size (small can be beautiful and big can be ugly) and other material factors, but even more the effect of staff motivation and social peace in the enterprise. A merger of BA and BCal could enhance the strength of EC commercial air transport, if it avoids some of the pitfalls which have occured rather frequently with mergers: *For example one* party disappears and the remaining party struggles for life.

The new carrier established by the merger, if it ever comes into being, should be stripped of all traffic rights within the UK and within the EC, for the purpose of re-negotiation. After all an entirely new carrier, and hence an entirely new competitive situation, would be created both in the UK and in the EC. It would be a pity if the existing over-concentration *in* the greater London area would be added to by the merger. It would be an even greater pity if choice of air services in south *England would be reduced* by the possible elimination of smaller UK and EC carriers from the hubs LHR and LGW. At any rate the disappearance of BCal would remove from the world the one and only major carrier of Scottish origin and expression (although the only Scottish feature which remained in BCal seems to be the fabric of the BCal *female uniforms).*

EC traffic rights for the merged carrier should be re-negotiated; it is astonishing not to see a move by Continental carriers to request re-negotiation of the relevant bilaterals.

The creation of the single EC aviation market by January 1 1993, on which several EC institutions are actively working, will have major impact on the *overall networks of EC carriers.* It would be useful for those involved to keep in mind that the proposed merger is not only a regional and overall national issue in the UK, but also a major issue within the EC.

Robert W. Bonhoff,
8 avenue du Bouchet,
CH-1209 Geneva.

The second wave

From Mr W. Hayes

Sir,—David Lascelles' book review (September 17) of "The second wave" interjects sensible analysis into increasingly emotional fears over Japan's *growing role in world financial* markets. The real underlying problem is the low savings rate of many countries, which need to borrow Japanese savings, notably the US. If we ask to borrow Japanese savings, we cannot shut them out of the value added profits to be gained through banking and brokerage.

Japan is involved in a progression from an over reliance on exports of manufactured goods. Its logical next step is export of financial services. Since most Western countries need capital more than TVs and autos, this progression should be welcomed.

William Hayes.
Walter N. Frank & Co.,
14 Wall Street,
New York, NY 10005.

Privatisation of water

From Mr. C. Simeons

Sir,—As one who sat on the Water Bill during its passage through Parliament, has kept in touch with the industry, since then and more recently as a member of a customer consultative committee for two separate water authorities, I found much in your leader (September 16) with which I agreed.

The river basin concept ack*nowledges the free movement* of water in the "water cycle." This means the total management of water resources, extraction, and treatment, including waste water.

Now *the supply* (already in private companies in some areas), and sewage treatment are to be hived off and the rest nationalised under the National River Authority which will *obtain* a certain amount of funding from government. No doubt this is why land owners are so keen on it. There will however be proper independent policing of water quality, which *is right* when water becomes a profit making concern. As the Green Paper acknowledges there will be considerable demarcation problems with regard to the ownership and transfer of assets.

But we have already been promised a director of Water Services who will monitor pricing. *Why not give him the* responsibility for monitoring water quality too? He could then balance goals with cost and advise accordingly. There would be one bureaucracy instead of another quango.

The Government should take over responsibility for sea defences and sell off the rest as a single entity with one management answerable for quality at all stages. It would be very simple and devoid of all the arguments and additional cost which will ensue with the NRA concept.

Many Conservatives question whether privatisation of water is in the interests of the consumer. Competition cannot be introduced. But to move to semi nationalisation can only be *in the interests of those who* see the possibility of their responsibilities being met from state funds or who are at the age where compensation for loss of office is very attractive.

Charles Simeons.
21 Ludlow Avenue,
Luton, Beds

A first time investor

From Mr A. Gumbrecht.

Sir,—The Government has been hyping the advantages to the small investor of direct investment in shares. So, being of a mind to try anything once, I opened at pilot account at my bank for this purpose, and proceded to "give it a try." The experience has not been too good.

My first order to buy was telephoned to my bank at 10.30 am. The opening price of the selected share was 23p and the highest price attained this year, according to the Financial Times, is 26p. None the less I paid 27p. A more recent experience was a share opening at 60p and closing at 67p on the day. My order was telephoned at 9.40 am and surprise surprise, the share was bought at 67p. It seems strange that I have paid highest price of the day on both occasions, indeed, once over the highest price. Could this be that the broker does not process small investor orders received via banks with the same priority as large orders? If so, I can understand it but it still means that the small investor does not have the same opportunity to make a profit as the large. And until I am convinced that there is equal opportunity, I am out.

The second complaint is one heard many times before. Share dealing is only worthwhile if you can buy and sell at a profit. *Well, I can buy, but I sure can't* sell. If I have to wait five weeks plus (so far) for share certificates, forget it.

I write as a naive outsider to the City club but this is what one small investor sees looking in through the clubroom window. If the Government wants small investors to invest, then it needs to earn the trust of the investor by efficient procedures. If I ran my own small business the way those in charge run the share dealings, I would go bankrupt in weeks.

Alex J. Gumbrecht.
118, Pierrefondes Avenue,
Farnborough, Hants.

Profit-related pay

From Mr H. Dale.

Sir,—Profit-related pay has the capability of performing a much more dynamic role than either your article (September 11) or Laurie Brennen (September 15) suggest.

Applied as a second tier incentive "Top Hatting" a profit *making and sharing scheme* it can spread the emphasis to all elements of costs which contribute towards a projects financial profile.

Laurie Brennan is not altogether correct in stating that no financial benefit is provided to the employer. It is provided in the form of incentive to use the concept dynamically. He does however "open the door" by pointing to savings in future pay rises. But why just pay and not all costs?

It has become clear that the user of a resource, and not necessarily the owner, is in the best position to extract the maximum benefit from its application. Those who contribute towards costs are also in the most advantageous positions towards their containment, encouraged in the skill and given incentive to use it.

The profit-related pay concept has great potential offering more possibility than anything else on the *horizon* at present. With the Inland Revenue geared to speedy processing of registration applications, it is really up to us to combine and help the opportunity into profusion *commencing early in the coming* year.

PRP has got the energy for encouraging out-of-the-ordinary success if we use a little time to apply perspective, consider all the angles. *It is much more* than a response to wage costs. It can affect all costs and turnover thereby improving margins, with more to share out.

H. W. Dale.
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FINANCIAL TIMES
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Taiwan takes a softer social stand

Bob King in Taipei looks at new guidelines which could relax the rules on travel to China as the Taiwanese Government moves slowly towards social reform under President Chiang Ching-kuo (left) who wants continued success for Taiwan as well as a place for himself in the history books

RAPID AND astonishing change has been the order of the day in Taiwan ever since the *Government ended 38 years of* martial law two years ago.

Suddenly, long-held taboos are being broken daily, notably on the international front. It now appears that Taiwan is about to cheerfully confront the reality of China, which it has for *decades dismissed as the realm* of 'bandits and usurpers.'

Last week, for instance, major papers were reporting that the Government would soon announce new rules, or a relaxing of the rules, covering informal visits to China by virtually all residents of Taiwan.

Insiders say that the guidelines, due out next week, will be even less *strict than those first* suggested. The initial proposal was that only those over the age *of 55 who could prove they had* relatives on the mainland would be allowed to travel there without penalty.

Already, the liberal Independent Evening Post has dispatched two of its young reporters to China in defiance of the still-active ban *on visits, and* other major papers here are considering sending journalists to cover next month's meeting of the Chinese Communist Party Congress in Peking.

The Post's reporters said the main purpose of their visit was *to report on social conditions* within China for the benefit of readers who may be planning *their own trips via third* countries. But they have already attempted to interview dissident astrophysicist Fang Li-chih and have spoken with a member of Taiwan's National Assembly who returned to live in China some years ago.

Changes are proceeding no less rapidly on other fronts. Local papers are suddenly full of surprisingly rational discussions of the pros and cons of independence for Taiwan, calls for direct trade and other links *with China, and even talk of* how Taiwanese firms might benefit from setting up joint ventures on the mainland.

Clearly out of the question is any possibility of immediate *unification under the government* in Peking. Taipei is saying that it will neither encourage nor discourage *visits to the* mainland, but adds pointedly *that by allowing such visits it is* not abandoning either its anti-communist stand or its firm 'Three Nos' policy: no contacts, no compromise and no negotiations with the Peking regime.

That said, the Government seems prepared to let its citi*zens confront reality on its own* terms, trusting that what they will see in China will help them appreciate the rather comfortable and relatively free lives they lead on Taiwan.

Along the way, of course, Taiwanese visitors will help their *mainland brethren become* acquainted with 'capitalism with Chinese characteristics' - the *sort practised on this island of* 20m people.

Back home, scholars and even ordinary citizens are openly calling for such exotics as greater press freedom and for more mundane items such as increased *government attention* to the social infrastructure. In fact, some observers say that now the Government has opened the door to greater public participation, the private sector will increasingly insist on reforms rather than passive*ly waiting for benevolence from* above.

The question many analysts *want answered is simply: 'Why now?'* Many ask why the Government has suddenly done an about-face and begun to tackle vexing problems that many believe could have been rationally and systematically addressed over the past 10 or even 20 years.

The common explanation is that President Chiang Ching-kuo, the son of Generalissimo Chiang Kai-shek, who is in undisputed control of the Nationalist Party and hence the government, feels the weight of mortality upon him and wants to leave behind a stable structure that will ensure both Taiwan's continued success and a place for himself in the history books.

Another factor that may lie behind the reforms is a growing awareness in top levels of the Government that the citizens *feel a sense of alienation, of not* being in control of affairs - and that the problem can only be resolved by increasing the public's participation in public affairs.

Discussions aimed at restructuring the make-up of the National Assembly and parliament, both of which are currently dominated by ageing *mainlanders elected 40 years* ago in China, are clearly aimed at such increased involvement.

Then there are the pragmatics of reform: analysts reason that Mr Chiang may be worried that his chosen successor as president, the Taiwan-born *vice-president Mr Lee Teng-hwei*, may not yet be able to summon enough support in the *higher levels of the party to gov*ern effectively on his own. Greater participation in democratic processes by the public, however, might give Mr Lee the necessary support to govern at least as a first among equals.

"The pre-conditions for reform are met," says one observer. 'Society is primed and ready to go, and the president may also be getting ready to go - but only with a good name - so he's pressing *down the accelerator.*"

New tariffs could cut W German role in data link

By Peter Bruce in Bonn

CONTINUED West German participation in the world's biggest academic computer network is being threatened by the likely imposition of high tariffs on its lines by the Bundespost, the state post office system.

Officials at the European Academic and Research Network (EARN) *said yesterday that* plans by the Bundespost to set so-called "volume tariffs" on lines *already leased by EARN* in West Germany "could effectively put Germany out of business."

The network's directorate decided at a meeting in Paris on Monday to give up four of the five international leased lines *that EARN runs into Germany*, thus significantly reducing the country's role in the network.

EARN links academic institutions in 21 countries, mainly in Europe but including the US and Turkey. The network has about 700 computers from some 400 institutions tied to it. Every West German university is a member and the network estimates that some 50,000 researchers worldwide use it every day.

New charges proposed by the Bundespost would increase the cost of *transmitting data* through, from or into West Germany by five times, a senior EARN official said from the network's headquarters in Dublin.

Mr Michael Hebgen, EARN Director for West Germany, said *"it is a sad day when the biggest* partner in EARN, with almost a third of the users, is forced by the Bundespost to move from now on through the eye of just one needle." Having only one international line meant there would be no back-up.

"We could do much more in Germany, but only if were were prepared to pay outrageous amounts of money," he added. "Volume charging could lead to a situation where we cannot communicate because we cannot afford it."

Volume tariffs are paid by ordinary telephone users and are calculated according *to the* amount of time spent on the line. The Bundespost, however, *has infuriated commercial and* academic users in recent years by imposing these tariffs on top of lines it already leases mainly to data transmitting users.

"Under no circumstances will we pay volume tariffs on top of leased lines," said an EARN of*ficial in Dublin. "It is just crazy.* It is a tax on research."

The leased lines from West Germany to Denmark, Austria, the Netherlands and the US are to be given up, Mr Hebgen said. A 64k/bit line to Switzerland would then be the country's on*ly remaining link with EARN.*

Despite its insistence on charging *volume tariffs*, the Bundespost is not yet capable of measuring the traffic on most *international lines.* It can measure traffic between standard Bundespost modems but not between a brand new US modem in, say, New York and a standard German one in Frankfurt.

The Bundespost has told all users of leased data lines that in future their lines will have to be digital, so that the volume of *traffic* can be measured. In the meantime, older analog lines already in use, such as those being used by EARN, are being made subject to flat rate charges on top of the leasing tariff.

In West Germany, the interna*tional* lines are leased to EARN at a base charge which includes usage for 120 hours a month. *The network has been told by* the Bundespost that an extra flat rate charge of 50 hours a month per line will be made this year, rising to 100 hours in 1988, 200 hours the year after and an extra 400 hours in 1990.

For this year the basic line costs are covered by IBM, which helped establish EARN four years ago, but *this assistance* runs out at the end of 1988.

West German research insti*tutes have begun to lobby* the Government to help ease the growing costs of telecommunication but have received little more than promises to "study" the problem. The Bundespost has been studying complaints by EARN for two months.

THE LEX COLUMN

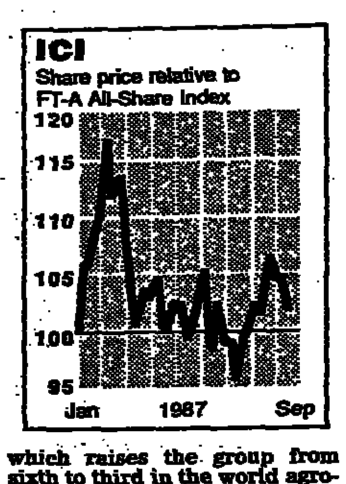
C & W's ring of confidence

Cable & Wireless's welcome vic*tory in the Japanese telecom* wars is a testament to the company's acute diplomatic skills, *built up over several decades of* running colonial monopolies. Coming immediately after the announcement of an imminent reorganisation of its Hong Kong interests, it also leaves C&W fascinatingly poised between that colonial past and the brave new digital future.

Details of exactly how C&W is going to cash in some of its *Hong Kong chips* have yet to be released, but it now appears an even more timely strategic move. In one leap the company accedes to the pressure to reduce its Hong Kong *stranglehold, cuts its exposure to Hong* Kong political risk, and releases resources for *Mercury*, Japan and the global digital highway. Assuming that the unquoted Cable & Wireless (Hong Kong) and the quoted Hong Kong Telephone are to be put together in a new quoted vehicle, C&W would currently be *able to pull in about £265m for* every 5 per cent it subsequently floated. And thanks to Hong Kong Telephone's handsome rating the earnings enhancement would - in the short term - be impressive, a fact which the current share price is presum*ably already discounting.*

While using its Hong Kong monopoly profits to build cash-hungry futuristic businesses may be a model of capitalist development, there remain considerable dangers. C&W is in effect replacing the superb *returns it has enjoyed in Hong* Kong (tinged with some political risk) with the indeterminate returns of that global highway. Even if the markets really do *materialise and the Japanese* are more hospitable to a part-foreign telecommunications consortium than they are to many foreign manufacturers, there could still be a repetition of the cut-throat competition seen in the US. And even with *Mr Li Kashing temporarily* holding up the rating the share price is expressing consider*able confidence in the adapt*ability of the C&W management.

ICI



As its shares shot through the £16 barrier for the first time yesterday, ICI could take credit not only for getting a surprisingly good price for Stauffer's commodity business, but also for *making a fair debut in Hanson*-type deal making. The net effect is to pay $780m - an exit multiple of under 18 - for a business which *raises* the group from sixth to third in the world agro*chemical league. The experi*ence has evidently been salutary for the group, which now professes itself ready to consider deals in which only a third of the business might be retained. Had the lesson been learned earlier, the strategic position in advanced *materials gained* through the $750m Beatrice acquisition might have come rather cheaper.

But then, ICI can now afford to be more choosy, with US sales settling down at around $3.5bn. *This brings the group* the not entirely mythical benefits of critical mass in the US market, which Rhone Poulenc is still paying high prices for. But just as ICI has reached that position with a trio of big acquisitions in the past three years, so *Rhone Poulenc* might perhaps aim at one more big US purchase to add to the Union Carbide agrochemicals business and Stauffer's commodities. ICI, meanwhile, is now in the fortunate position of having reached its required size in the *US through wholly non-com*modity businesses, even if it made some expensive mistakes - such as the Corpus Christi petrochemical venture - in getting there.

Ratners

The acceleration in Ratners' *market capitalisation* - from £15m in early 1985 to around £575m now - has been one of the most spectacular in the sector, if not the market. It is the sort of performance that creates both believers and sceptics, and it is a demonstration of the faith of *the former* that Ratners' rating is not far off the sector average despite this year's two rights issues.

Ratners should make pre-tax *profits comfortably* over £50m this year, and not just because of the many acquisitions. The Ratners *chain is itself turning* in impressive gains: sales in like-for-like stores in the first half were up 27 per cent. Meanwhile new stores and the transformation of Ernest Jones, following H Samuel, should ensure strong UK growth for an*other couple of years. In the* US Ratners has hardly started on the acquisition trail with only two deals to date, one of them yesterday.

Ironically, Ratners may only achieve the *higher* rating its followers believe it deserves when its pace of growth slows. Now that it *has reached such a size, and is coming close* to being the largest jeweller in the world, acquisitions will make less of an impact. *But this will* uncover the organic growth Ratners is achieving, and should improve its ability to finance expansion internally. Share purchases can then become less an act of faith and more an investment decision.

Oil price

Even a month ago, the latest events in the Gulf would have put a dollar on to the crude oil price, but Brent rose *yesterday* by only 20 cents to $18.50 before falling back along with the price in New York. The market has become inured to drama, but it has also taken note of how Iran has consistently stopped short of blocking shipping lanes. The chief question is rather one of how far OPEC pro*duction will fall next month* below the near 19m barrels a day average being reached for the third quarter.

This level of overproduction supports the argument that disruption has a bearish effect on prices in the medium term by *stimulating* cheating among producers and consumer stockpiling. It also prompts a ques*tion about the forthcoming flo*tation of BP, which since the Standard Oil deal is regarded more than ever as an upstream producer. But although the outlook *for* the oil price between now and end-October looks flat to downhill, it would probably take a $2 drop to have a major effect on the flotation. The real determinants are more likely to be the health of the London equity market - a lot better now than a month ago - and the prospective yield on the partly-paid, which can after all be adjusted as required.

Gold Fields rushes to defence of Newmont

By James Buchan in New York

CONSOLIDATED Gold Fields, the UK mining finance house, *yesterday swept into the* US stock market in defence of Newmont Mining, lavishing more than $1bn in two hours to prevent stock in the embattled US gold and resources group falling into the hands of Mr T. Boone Pickens, the Texas oil*man.*

As Mr Pickens and his fellow investors launched a last-minute bid to halt the purchases in court, ConsGold was thought to be in possession of more than 44 per cent of Newmont and to be well on the road to thwarting *the Pickens bid for control of* the $6bn company.

In feverish trading on the New York exchange yesterday morning, First Boston, the Wall Street firm acting for Gold Fields, swept up more than 12m shares or nearly 18 per cent of the company as *institutions* and speculators jettisoned the stock, causing it to be suspended at one point.

Having peaked at $99 when a 5m-share *block changed hands* at noon, Newmont was trading at $95 7/8, up $1 7/8, by the time hearings began in a Delaware court on the request of the Pickens group for an injunction.

'They had to move quickly,' said one arbitrageur or profes*sional takeover speculator.*

Mr Pickens and his group, who have 9.95 per cent of Newmont, are seeking 51 per cent by means of a tender offer worth the equivalent of $105 a share. They allege that Gold Fields had access to confidential inside information.

Gold Fields, which has owned stock in Newmont since 1981, is represented on the Newmont board and on Monday was permitted to increase its representation to 40 per cent and its holding from 26.2 per cent to 49.9 per cent.

The Pickens group, which is not permitted to sell to Gold Fields because of its tender offer, said the new agreement was a 'lockout scheme' which would give Newmont shareholders a lower value than the tender of*fer.*

Wall Street traders said that the First Boston purchases could be impossible to unravel even if the court grants an injunction.

Samsung faces import ban for infringement of US patents

BY LOUISE KEHOE IN SAN FRANCISCO

THE US International Trade Commission has made its first order *banning* the *import* of semiconductor chips on the grounds that US patents have been infringed.

The ruling is against imports of dynamic random access memory (DRam) chips - a widely used form of data storage chips - *made by Samsung of South Ko*rea, which have been held to infringe patents held by Texas Instruments, the largest US chipmaker.

The move has been welcomed by the American industry as a signal that the country's trade *laws can be used to protect in*tellectual property rights.

At the same time, it could be a major blow to Samsung's efforts to establish itself in the semiconductor market, unless it can reach an accord with Texas Instruments.

Texas Instruments indicated it was continuing negotiations with Samsung and that it hoped to reach an agreement in the near future.

The $2bn a year world DRam market is heavily dominated by Japanese producers, but Samsung has invested heavily in *semiconductor* production and technology over the past few years. It has been gaining market share in the US following the US-Japanese semiconductor trade agreement which raised Japanese DRam prices in the US. Samsung's DRam *sales in the US for last year are* estimated at $10m.

The ITC action stems from an unfair trade complaint filed by Texas Instruments 18 months ago under which the US company claimed that Samsung and eight Japanese companies were *selling DRams that infringed* Texas patents.

The company has since reached out of court settlements with Sharp, Fujitsu, Toshiba, Oki, Matsushita, Mitsubishi and Hitachi, and immediately before the ITC rul*ing said it had also signed a pa*tent exchange agreement with NEC of Japan.

That left Samsung as the only remaining respondent.

As a result of the agreements with the Japanese manufacturers, Texas Instruments' profits from royalty fees in the first *half of the year were $138m.*

Mr Richard J. Agnich, Texas Instruments vice president and general counsel, said the company was "very pleased" with the *order against Samsung.* It had further confirmed the value of the company's semiconductor technology and "in a broader sense it underscores the role intellectual property can play in providing an adequate return on research and development *investment to technology inno*vators," he said.

The ruling orders the exclusion from the US of all Samsung DRams and electronic circuits *which contain the infringing* chips. It also covers computers, facsimile machines and certain telecommunications equipment and *printers if they contain* Samsung DRams.

The ruling becomes effective after a 60-day Presidential review *period during which time* imports may contine under a bond that is forfeited when the order goes into effect.

US frigate fires warning shots at hovercraft

Continued from Page 1

the attack the Iranian vessel had been observed dropping *mines into the water.* The helicopters, based on the Jarrett, attacked with rockets and machine-gun fire.

The US military action, coming within two hours of a sustained rocket attack by Iranian Revolutionary Guards on the Gentle Breeze, a British-flagged tanker heading for Kuwait, provoked inevitable speculation *yesterday that the two incidents* were linked.

The 102,000-tonne Gentle Breeze was still burning at midday yesterday, 15 hours after gunmen aboard a speedboat pumped up to 14 rockets into its superstructure. The ship's Filipino bosun was killed when one missile crashed into his cabin.

Iran continues to insist that the Iran Ajr was an *innocent* cargo ship carrying food. Yesterday Mr Ali Akbar Hashemi Rafsanjani, Speaker of the Iranian *Parliament*, warned that the US would regret the *attack.* Tehran Radio said Iran would respond "with special firmness."

Murdoch buys stake in Pearson group

Continued from Page 1

of bid speculation for more than a year which has helped push the share price up strongly. It has risen from around 600p ($9.90) at the turn of the year to close on Monday night at 812½p.

News Corporation, which had built up an undisclosed 4.9 per cent holding over the past few months, yesterday *instructed* brokers Hoare Govett to purchase another 10 per cent. Hoare bought the shares at 920p and made a 5p a share profit in then selling them on to News Corporation at 925p, which *means Mr Murdoch has spent* nearly £250m amassing his stake. Pearson shares closed *last night at 917p, giving the* group a market capitalisation of about £1.9bn.

Mr Richard Sarazen, finance director of News Corporation, *personally delivered a state*ment on behalf of Mr Murdoch, who is in California, to Mr James Joll, Pearson's finance director, yesterday afternoon.

*Murdoch executives were yes*terday expressing interest in possible joint ventures in paperback and newspaper distribution, but News Corporation *is thought to have not asked for a* seat on the Pearson board. They also dismissed speculation that Mr Murdoch might be prepared to sell The Times in order to get clearance for future ownership of the Financial Times.

City analysts were sceptical *that Mr Murdoch would be hap*py merely to co-operate with Pearson, pointing out that he is *rarely content with passive mi*nority stakes in companies. However, Hoare Govett said yesterday that his promise not to contemplate a bid within the next 12 months was binding under Takeover Panel rules.

Moreover, the present ownership of Pearson's shares should make it difficult for an outsider to gain control. Over 20 per cent *of the equity is in the hands of* the Pearson family. A further 9.9 per cent is held by Mr Michel David-Weill, a Pearson non-executive director and senior partner of Lazard Freres, the New York and Paris investment banks, which are linked with Lazards in London through a complex partnership agreement.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	S	30	86	Malta	S	31	88	Rhodes	S	32	90
Algiers	S	30	86	Edinburgh	C	17	63	Manchester	F	16	61	Rio de J'o	-	-	-
Amsterdam	F	19	66	Faro	F	24	75	Manila	-	-	-	Rome	S	27	81
Athens	S	31	88	Florence	S	29	84	Melbourne	-	-	-	Salzburg	S	27	81
Bahrain	S	37	99	Frankfurt	F	25	77	Mexico City	-	-	-	San Francisco	C	13	55
Bangkok	S	32	90	Funchal	S	26	79	Miami	S	27	81	Seoul	S	26	79
Barcelona	S	25	[illegible]	Geneva	F	26	79	Milan	S	27	81	Singapore	T	25	77
Beirut	S	31	88	Gibraltar	S	26	79	Montreal	C	11	52	Stockholm	C	11	52
Belfast	C	15	59	Glasgow	F	15	59	Moscow	C	11	52	Strasbourg	S	27	81
Belgrade	S	26	79	Guernsey	S	17	63	Munich	S	28	82	Sydney	-	-	-
Berlin	F	25	77	Helsinki	C	10	50	Nairobi	C	27	81	Taipei	-	-	-
Biarritz	S	27	81	H. Kong	R	26	79	Naples	S	30	86	Tangier	S	25	77
Bombay	F	30	86	Innsbruck	S	26	79	Nassau	-	-	-	Tel Aviv	S	28	82
Bordeaux	F	25	77	Inverness	S	15	59	New Delhi	S	33	91	Tenerife	S	26	79
Brussels	C	21	70	Islamabad	-	-	-	New York	S	17	63	Tokyo	S	25	77
Budapest	S	23	73	Istanbul	F	23	73	Nice	F	26	79	Toronto	R	14	57
B. Aires	S	14	57	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	31	88
Cairo	S	32	90	Jersey	F	18	64	Oporto	F	21	70	Valencia	S	31	88
Cape Town	R	15	59	Jo'burg	C	18	64	Oslo	R	12	54	Venice	S	24	75
Caracas	C	29	84	Lima	-	-	-	Paris	R	19	66	Vienna	S	17	63
Casablanca	S	25	77	Lisbon	C	21	70	Peking	S	28	82	Warsaw	S	17	63
Chicago	F	13	55	London	S	18	64	Prague	S	23	73	Washington	S	18	64
Cologne	C	22	72	Los Angeles	S	18	64	Reykjavik	S	16	[illegible]	Zurich	S	24	75
Copenhagen	T	14	57	Luxembourg	C	18	64								
Corfu	S	33	91	Madrid	F	24	75								
Dallas	-	-	-	Majorca	S	30	86								
Dublin	R	16	61	Malaga	S	30	86								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Human rights group can visit Moscow

Continued from Page 1

forum set up to monitor compliance of the Helsinki agreements of *1975 which formalised* Europe's borders and sought to ensure the protection of human rights in the Eastern bloc.

"We are engaged in a dialogue *on human rights in the Soviet* Union, not only with those who like us but those who criticise us as well," Mr Kashlev said. The Federation - established in 1982 to monitor compliance of the Helsinki Final Act signed in 1975 by the 35 member states of the CSCE process - *has been a* persistent critic of the human rights records in the Soviet Union and parts of Eastern Europe.

Western delegates in Vienna reacted cautiously to the news. Mr David Mellor, Minister *of State at the British Foreign Of*fice, said it was a "welcome move". But he warned the West not to "be fobbed off" with a little bit of movement. "We just can't have 'glasnost' and 'perestroika' on that part of the agenda which suits the Soviets," he said.

The Federation applied to visit Moscow last June. An official described the response as a very positive step. "We requested a meeting with *the for*eign, justice, and interior ministries as well as the visa office," he said. "As far as we know, those meetings are being arranged, and we made it clear we would talk to dissidents as well."

The delegation will go *to* Moscow next month, although the Soviet authorities have said members of the team could travel next week if they wished.

The delegation will include Lord Avebury, chairman of the Parliamentary Committee on Human Rights, Mr Ben Mottelsen, the Danish Nobel prize *winner for physics*, and Mr Peter Jankowitsch, the former Austrian Foreign Minister.

Mr Mellor said there were many outstanding human rights issues which had yet to be addressed by the Soviet Union.

How big companies pay top managers

BY MICHAEL DIXON

"YOU'VE got to have decompression, of course. It's crucial to the nation's health."

On overhearing those words spoken the other night by the chairman of a big British company, the Jobs column was at a loss to understand what they meant.

The only explanation I could think of at the time was that, somehow without my noticing it, we must have become a nation of deep-sea divers. For in my book, "decompression" is something which is done to stop people from getting the bends when they come to the surface from Davy Jones's Locker.

That wasn't quite right, I fear. Subsequent inquiries have revealed that "decompression" is a management-jargon word. And it stands for something that is done, not to prevent people from getting the bends, but to ensure that they get the rises.

The pay rises in question, *however*, are *not* the sort awarded to the ordinary citizen. They are increases which grow at an accelerating rate with the recipient's seniority in the organisation's pecking order - or, in other words, the kind that make the rich grow richer while the poor stay poor.

"I must say we were a bit surprised when our survey showed that *higher-level* differentials are expanding again," said Richard Bowen, a principal consultant at the London-based branch of Towers, Perrin, Forster and Crosby. He was referring to the latest of the Towers Perrin consultancy's yearly studies of senior management pay in Britain, covering 704 executives in 51 big companies in sectors other than finance.

"Up to 1979, the pay curbs had reduced top managers' differentials pretty severely," Mr Bowen went on. "So it was only to be expected that they should increase sharply at the start of the 80s. Since then they have seemed to be edging down year by year. But suddenly the evidence is that they're going up again."

While the detailed findings of the survey are available only to the companies which took part in it, the consultancy has provided me with some broad figures to give an idea of the way the renewed *decompression* is working.

When all the 704 senior managers covered are taken together, the average increase in basic salary in the past year was 14 per cent. Those who were members of their company's main board averaged 16 per cent. The corresponding rise for the chairmen and chief executives was 17 per cent. Much the same pattern was shown by increases in the extra money the executives received in incentive bonuses and the like.

The result, for the executive chairmen in the study, is a 1987 average cash pay of some £210,000 made up of £190,000-plus in basic salary and just over £17,500 in additional payments. But that is not all, because the companies also provided the bulk of the 704 managers with longer-term incentives in the form of share options.

Estimates

The precise value of such options is of course unknowable, since it depends on the stock market prices of the shares concerned at some future date when the options are exercised. Even so, Towers Perrin has produced estimates of how much the longer-term incentives are worth in additional pay per year, based on the market's prices at the time of the survey.

In the case of the average executive chairman, the estimated value of the share options this year is a bit more than £148,000 or over 40 per cent of the total money-type rewards of nearly £380,000.

"When one talks about options being worth as much as that, the obvious response is that the estimated value is inflated by a bull market, and that it will inevitably dwindle down if a bear market sets in," Mr Bowen said. "And it's possibe that in some individual cases the options will turn out to be worth considerably less than the valuation we've made of them.

"I wouldn't expect that to be true, however, for most of the executives we included. The option schemes they're in largely date from 1984 at the latest, you see. So even if they're not already eligible to exercise their holdings - which the majority are - they'll become able to do so within the next few months."

Nevertheless, while share options have rapidly grown to be a major element of top pay in the typical big company in Britain, Towers Perrin doubts whether they will continue to be so for much beyond the 1980s. And the main reason for the consultancy's doubts does not lie in gloomy expecations about future stock-market trends. It is rooted in the attitude now being taken to option schemes by the Association of British Insurers, which constitutes one of the two main investment protection committees representing big institutional shareholders. The other operates on behalf of pension funds.

The protection committees exert a powerful influence, of course, because companies need to have their option schemes approved by their shareholders. For instance, although the law permits an option exercised in the earlier stages of a scheme to be replaced by another one to take effect later on, the committees have effectively banned companies from allowing their managers from topping-up their holdings in that way.

"What's happened now is that the Insurers' Association, in particular, has stepped up its demands," Richard Bowen said. "In broad terms, what it is saying is that executives should not be allowed to exercise their options at all unless their particular companies have at the very least achieved what it calls real growth in earnings per share - which seems to mean a growth rate above inflation.

Penalising

"It seems pretty certain that one result will be to penalise the senior executives of companies which have already achieved consistent high growth over the preceding years. But that's probably less of a drawback than the insistence that earnings per share must be the universal yardstick of whether or not options can be exercised.

"There's nothing wrong with the idea that firms must measure up to some kind of performance standard before their managers cash in. As consultants, we've gained the impresseion that the bull market has often turned schemes without an achievement condition into a gravy train for the top people in the company. A fair number could have done very well for themselves simply by sitting on their hands.

"The trouble is that while growth in earnings per share might be a fitting yardstick for some businesses, it certainly won't be for the entire lot. In a good number of cases, the appropriate measure might well not be one based on stock-market valuation at all.

"After all, if you make big chunks of senior managers' pay dependent on pleasing the generality of share-buyers, you might be encouraging the managers to go all out for maximum short-run return on investment at the expense of doing research and so on.

"It would surely be far more sensible to rule that, while there must be a performance standard, the decision on which one to use should be left to the individual company's managers subject to the approval of its stockholders. But while the Insurers' Association might still change its mind, it is not showing any sign of doing so."

As things are, therefore, Towers Perrin's suspicion is that many British companies which have made haste to adopt the share-based schemes will before long start start ditching them for other kinds of long-term incentive. If so, in the UK at least, executive share options will have been a strictly mid-1980s phenomenon.

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As a world wide known German producer of kitchen appliances we have considerably influenced the development of the industry for many years. Today our world wide proprietary name represents a series of well developed top products, that in the quality, design and technological standards, are unbeatable.

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A born sales person with entrepreneurial qualities, technical know how and business management education, would be our ideal candidate. A prove sales track-record in our industry would also be a sign of the ideal choice.

Knowledge of the German language would ease the communication with the German head office, but is not imperative.

Salary and commission repjresent the high standards required. Our consultants are able to furnish you with all additional information you might require.

Please do not hesitate to phone them under their phone number in Germany or forward your written applications, in complete confidentiality, with photo, curriculum vitae and copies of references to their address as mentioned below.

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OPPORTUNITY FOR RECENT GRADUATE

The Commonwealth Bank of Australia in London is looking for a recent graduate to join its securities trading and sales operations. The successful applicant will initally be involved in trading Eurobonds.

A degree in Economics or Finance would be helpful, but recent graduates from other disciplines are welcome to apply for this position.

Please send full Curriculum Vitae to:

Mr K G Barker
Personnel Manager
Commonwealth Bank of Australia
8 Old Jewry
London EC2R 8ED

Commonwealth Bank of Australia

EQUITY RESEARCH

CL-Astaire & Co., a London stockbroking firm, offers an opportunity to a young analyst to join a compact research team.

The successful applicant will be a creative self starter, with around 2 to 3 years' general analytical experience within the London securities market, and be capable of fulfilling a sales and marketing support function.

For further details please write in strict confidence to:

D G Chapman
CL-Astaire & Co. Limited
117 Bishopsgate
London EC2M 3TD

CL-ASTAIRE & CO. LIMITED

A MEMBER OF THE CREDIT LYONNAIS GROUP

NZI Investment Services

NZI Investment Services is part of the Banking Group of NZI Corporation Ltd. It provides an increasingly wide range of asset management services to other parts of the Corporation and to new outside clients. The Company is preparing for an expansion of its business over the course of the next six months and therefore is seeking to fill the following positions based in London:

General Manager — Fund Management: responsible for the management of a team of specialist fund managers and primarily responsible for performance, quality control and investment policymaking.

Portfolio Manager — Bonds: responsible for the management of all bonds and fixed income securities managed from London, including gilts, bulldogs and eurobonds.

Portfolio Manager — UK Equities: responsible for the identification, research, analysis and management of UK equities to be held in clients' long-term portfolios. Trading portfolios are managed by other portfolio managers and therefore this jobholder will concentrate on situations with an expected timeframe of more than 12 months. Considerable time is likely to be spent visiting and meeting with the senior management of suitable companies.

General Manager — Administration: responsible for the supervision of all client administrative services including accounting, settlements, valuations and safe custody, as well as the Company's own accounting. Provided the jobholder has the necessary experience and/or qualifications he will also eventually become responsible for our treasury operations area.

Age is not of great importance, but is likely to be between 27 and 41 years. Remuneration will depend on position and experience, but is likely to be in the range £30,000 to £40,000 plus car and other benefits

**Potential applicants should send curricula vitae to the Managing Director
NZI Investment Services Ltd,
117 Fenchurch Street, London EC3M 5BB.**

ASSISTANT CREDIT MANAGER

Top quality international bank in the City requires an experienced credit professional preferably American Bank trained to assist the Senior Manager in the supervision of a small but active department operating to high credit standards. Applicants should be aged 25-32 and be fully conversant with all aspects of domestic and international lending. Competitive salary and benefits package

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10 Cannon Street, London EC4P 4BY*

Samuel Montagu & Co. Limited – part of *Midland Montagu* – is now recruiting additional executives for its expanding Corporate Finance Division.

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A Chartered Accountant or a qualified solicitor, with at least one year's post qualification experience with a major City firm or merchant bank.

Self-motivated and able to demonstrate high standards of professionalism with a strong determination to succeed.

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Please write with full personal and career details to:

Ian McIntosh, Managing Director, Samuel Montagu & Co Limited,
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Property Banker

A leading European Bank, which is one of the world's largest, with a growing presence in the field of property lending, is seeking an Account Manager to join its expanding Property Lending Team within the Corporate Banking Department.

The ideal candidate will be a qualified Surveyor in his/her mid to late 20's with two to three years' property lending experience within the Banking Sector. However experience in property funding and development gained elsewhere may be acceptable.

This is a key position for which motivation, excellent communication skills, maturity and the ability to work well within a team are essential qualities.

Those interested in the above position should contact **Julia Cartwright** at 39-41 Parker Street, London WC2B 5LH. Tel: **01-404 5751.**

MP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

Corporate Finance

Manager

London

Arthur Young is one of the leading international firms of accountants, management consultants and financial advisers. *During the last two years it has been* building up its Corporate Finance business in London and the major regional centres, to provide advice to both existing and new clients on mergers and acquisitions, management *buy-outs and raising new capital. A decision* has now been taken to give additional emphasis to these activities and to expand the *numbers of professional staff.*

Reporting to a Corporate Finance Partner, this new manager will have day-to-day responsibility for a wide range of assignments, dealing directly with clients, and will also be active in new business development. *He/she* should have partnership potential, for which it is not necessary to be a qualified Chartered Accountant.

The successful candidate is likely to be *aged between 27 and 33 with at least two* years Corporate Finance experience in merchant banking, stockbroking, development capital, accountancy, law or industry. A competitive salary and fringe *benefits will be offered and prospects are* excellent for promotion within a small but fast-growing team.

Please reply, enclosing a brief curriculum vitae and details of present remuneration, to:
Richard Mead,
National Director of Corporate Finance,
Arthur Young, Rolls House,
7 Rolls Buildings, Fetter Lane,
London EC4A 1NH.

Arthur Young Corporate Finance
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Director Of European Communications

U.S. Bank — London

Our client, a leading U.S. bank with a substantial London presence, is seeking to recruit an experienced Communications specialist to take responsibility for London and the European branch network. The role will involve the initiation and organisation of public relations, advertising, market research and other promotional activities in order to develop and project a positive image for the Bank both internally and externally.

It is likely that candidates will be MBA's with extensive experience in all aspects of public relations within an international banking environment, including a thorough knowledge of European financial markets and products. Fluency in at least one European language, in addition to English, is desirable.

This is an excellent opportunity to undertake an exiciting and creative role within a truly international bank committed to growth.

Interested applicants should write to **Julia Cartwright** at Michael Page City, 39-41 Parker Street, London WC2B 5LH, enclosing a curriculum vitae.

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North American Portfolio Manager

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* challenge of managing a variety of unit trust, pensions and life assurance funds invested in North America
* accountability for achieving superior fund performance
* benefit from excellent career advancement *opportunities within a highly professional* investment department.

Our client is a long established and rapidly growing life assurance company managing investment funds in excess of £3 billion. Investment performance over the past five years has been well above average and policy is to maintain or reach upper quartile performance in all funds. A significant proportion of monies are invested in overseas equities, with the North American markets seen as a key element within overall investment strategy.

As the North American Portfolio Manager reporting to the Investment Manager (Overseas), you will be accountable for the performance of the portfolios assigned to you. This senior role involves a detailed understanding of the US and Canadian economies and prospects for individual securities; both of which must find expression in portfolios which combine a responsible approach with investment flair.

Suitable candidates will be graduates or equivalent with several years experience in an investment environment as either an Analyst or Fund Manager. Age guide is 25 – 35 years.

Write or telephone (24 hours) for application form and further details quoting Ref. No. 2240.

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Marketing Officer– Euromarket Products

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Union Bank of Switzerland (Securities) Limited is a leading participant in International Capital Markets. As part of a continuing expansion programme, we now require an additional person to assist in the Marketing of Euromarket products to designated clients, to promote *client relations* and *obtain* lead *management* mandates.

Duties will include advising clients on funding opportunities and designing fund raising and debt/capital re-structuring proposals.

Applicants should preferably hold an appropriate degree and must have 2 or 3 years exposure to Euromarket debt and equity related products, warrant structures and Swaps gained in a Corporate Finance *Department.* A *knowledge of German* would also be useful.

In return we offer a substantial benefits package and excellent opportunities for career development.

For further information please write with brief CV to:

Ms Lyn Usher,
Personnel Manager,
Union Bank of Switzerland
(Securities) Limited,
The Stock Exchange Building,
P.O. Box 406,
London EC2N 1EY.

Union Bank of Switzerland (Securities) Ltd.

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For further information on the above please telephone, or write enclosing a Curriculum Vitae to:

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9 South Charlotte Street
Edinburgh
EH2 4AS
Tel: 031-226 5709

Jane L. French
FLETCHER JONES LIMITED
4a William Street
Knightsbridge
London SW1X 9HL
Tel: 01-245 6377

Currency Swaps Manager

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We are seeking experienced traders to fill these highly visible positions within our Capital Markets group. Based in the bank's new trading floor in Westminster, you will report directly to the Director of Capital Markets.

Successful candidates will be highly motivated individuals who can structure products to meet the demands of our corporate base. You will work very closely with our other Capital Markets groups in Boston and Tokyo, as well as with our Treasury offices throughout Europe and the Pacific.

Naturally you can look forward to a very attractive remuneration package – one which will fully reflect the demands of these appointments.

Please write with full cv to John Watkinson, Vice President - Personnel, Bank of Boston, 5 Cheapside, London EC2P 2DE.

1784

BANK OF BOSTON

The W.I. Carr Group

NATURAL RESOURCES MARKETING IN LONDON, NEW YORK AND TOKYO.
RESEARCH IN SYDNEY

Marketing

W.I. Carr, a subsidiary of Banque Indosuez requires salespeople to market its research on worldwide natural resource stocks to institutions in London, New York and Tokyo as part of its worldwide expansion in stockbroking. *Applicants must have experience of institutional selling and knowledge of* natural resource stocks. The successful applicants for the positions in New York and Tokyo will spend an initial period in London prior to their overseas postings.

Research

To complete our worldwide research coverage of natural resource stocks experienced analysts are required to set up an office in Sydney which would work closely with our offices in London and Toronto. Experience in Australian markets is essential. The right of residence in Australia would be a distinct advantage.

The remuneration packages will reflect the importance which the Group attaches to these appointments.

Reply, with c.v. in confidence to: The Chief Executive Officer, W.I. *Carr Group, 1 London Bridge,* London. SE1 9TJ

BANQUE INDOSUEZ

European Equities

SALES

Several of our clients, all major international stockbroking houses, are seeking to appoint additional, senior equity sales staff to cover the North European markets. If you can demonstrate a record of continuing success *in selling* French and German stocks in particular, we can provide you with exciting opportunities for career advancement. Successful candidates, who will probably have at least eighteen months relevant experience and the *appropriate language* skills, can expect handsome rewards.

RESEARCH

A major UK Stockbroker wishes to expand its research capacity with reference to the Benelux countries. The main focus of interest is Holland and the immediate requirement is an analyst with two years experience of that market. Should you match the highest quality expected by this blue-chip employer, the level of remuneration offered will not disappoint.

For a confidential discussion of these positions, contact Simon Harrison on 01-481 3188.

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INVESTMENT MARKETING FROM CONCEPTION TO RETIREMENT

Fidelity International is the UK arm of one of the largest, most successful financial management organisations in the world.

Since establishing our London office in 1979, we have grown at a phenomenal rate and are now among the top 10 UK Unit Trust Companies managing funds worth in excess of £1 billion. Needless to say we have outgrown our first building and now have extensive new facilities in Tonbridge and the surrounding areas in addition to our City headquarters.

To help us continue our dramatic expansion we have created the following new marketing roles.

BUSINESS DEVELOPMENT EXECUTIVE

C. £20K

We are particularly active in identifying and developing new businesses and products to expand our market share in consumer financial services.

We are therefore seeking a Business Development Executive whose primary role will be to join our new business development team, the mission of which is to develop and deliver new products and services.

In addition to taking new products through the development and launch phases, the role will also involve identifying new markets and liaising closely with key internal departments, as well as advertising agencies and research companies.

Ideally a graduate, and aged in your late 20's, you will need at least three years' marketing-orientated experience in financial services. You must also have highly-developed interpersonal skills and be a determined achiever.

MARKETING EXECUTIVE – UK PENSIONS

C. £20K

Our UK Pension Funds under management have grown from a handful of clients only a few short years ago to a point where we now manage funds worth over £600 million.

We are, therefore, seeking an individual whose attention to detail, organisational ability and appreciation of deadlines, will make a significant contribution to both client communications and new business development.

You will, for instance, assemble our quarterly fund performance reports, liaising with external agencies where necessary. You will also be involved in the quality control and design of our marketing information and new business presentations. Since the majority of our information is computerised, the ability to use a PC is essential.

Well educated, preferably to graduate level, you should have sound, investment-related experience in marketing support and a flexible approach to teamwork.

In both cases the substantial salaries quoted will be supported by an attractive range of benefits.

Please write to Sue Lingham, Fidelity International, 25 Lovat Lane, London EC3R 8LL.

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European Equity Specialists

Sales

A major firm of UK stockbrokers, respected for both the quality of their research and their profitability, requires an experienced institutional sales executive to join their well-established European team. The successful candidate must be able to demonstrate a strong track record of selling European equities to UK institutions. An attractive remuneration package will be offered.

Research

A prominent international securities house seeks to expand its small but dynamic European research team. We would be particularly interested in talking to people with relevant market experience in France, Germany, Italy or Scandinavia. Good career prospects are offered, as well as a competitive remuneration package and the positions are likely to appeal to the perceptive and ambitious.

Please write to Timothy R. Wilkes or Janet Stockton at the Securities Division, 39-41 Parker Street, London WC2B 5LH or telephone on 01-404 5751. All enquiries will be treated with the utmost confidentiality.

MP

Michael Page City
International Recruitment Consultants
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Allied Provincial Securities Ltd.

100 WEST NILE STREET GLASGOW G1 2QU
TELEPHONE 041-332 8791 FAX 041-332 2568 TELEX 776562

23 September 1987

A Member of Allied Provincial Securities Ltd

Dear Christopher

Thank you for your interest regarding opportunities within our Group. As you probably are aware, Allied Provincial Securities is the largest, independent regional broking company in the United Kingdom. At present we operate out of a national network of 27 offices, stretching from Aberdeen to Plymouth (including the City of London) and are actively seeking to open new offices in areas where we are not represented.

The Group is at present embarking on a major expansion programme covering not only its stockbroking interests, but also corporate finance and financial services. As a result, an exceptionally wide range of excellent opportunities at all levels of seniority exist within our Group covering both front and back offices.

We are particularly interested in meeting Members of the Stock Exchange like yourself, who are becoming increasingly disillusioned with the post 'Big Bang' scenario and who would welcome the opportunity of working outside London, with a Group committed to providing a first-class service to its clients. In this context you rightly mention our link with James Capel which enables our clients to receive the benefit of their internationally acclaimed research. We ourselves provide a unique specialist research service on regional companies, which we are also expanding.

I am forwarding your name and details to the offices in which you have expressed an interest. I note that a number of your colleagues are considering the possibility of setting up a new office. I would of course be delighted to meet them.

I am confident that we can agree suitable terms with you and I can assure you of an exciting, long term career with Allied Provincial Securities.

Yours sincerely

Bernard Solomons

Bernard Solomons
Group Chief Executive

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The initial assignments are likely to be based in Europe with demanding travel schedules, but further growth opportunities may be elsewhere.

Candidates are invited to write with full detailed CV and a recent passport photograph to Box no. AO661.

Financial Times, 10 Cannon Street,
London EC4P 4BY.

Marketing Director

Investment Management Jersey

A vital commitment to international markets combined with a reputation for outstanding customer service and sound investment strategy has made Fidelity International one of the financial industry's international successes. We currently manage funds in excess of $10 billion.

Our Jersey office opened in the early '80s and, as one of the most successful fund management operations on the island, we specialise in the sale and servicing of offshore funds and other investment products.

As Marketing and Sales Director you will be responsible for leading and expanding the marketing function in Jersey. Your duties will include implementing marketing strategy and developing sales of offshore funds to Brokers in the Channel Islands and Isle of Man. You will also be briefed to build up Fidelity's Personal Management Service aimed at higher net worth individuals in Europe and the Middle East, and supervise the development of a Teleservice network using trained advisers and International 800 lines.

Ideally already residing in Jersey, you must be a skilled organiser and manager and have a proven sales and marketing track record, almost certainly gained in the financial services industry. The package we are offering is flexible enough to attract the very best candidates: it includes generous salary, performance related bonus, company car and other benefits.

To apply please telephone or write, enclosing your cv, to Barbara Lord quoting reference: 0988/BL/FT.

PA Personnel Services, Hyde Park House,
60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060.

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Jonathan Wren

MARKETING – SECURITIES SERVICES

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This major North American bank wishes to substantially expand the institutional client base of its London branch. In particular they seek to launch a new sales and marketing effort for their established Global Custody and related securities services, as well as a number of new services currently under development.

Ideally they seek an experienced sales person with relevant expertise gained with an international financial institution. Alternatively, they will consider an administrator with flair, enthusiasm and a desire to market.

They offer a substantial package of salary plus performance bonus and normal bank benefits.

These requirements are quite broad and diverse so please feel free to contact us to discuss the matter in greater detail.

Contact Richard Meredith.

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

Jonathan Wren
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For further details and an application form please contact Prue Beard, Personnel Manager, or write to her with CV at
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28 Haymarket
London SW1Y 4SU
Telephone 01-839 8000 ext 4039

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For the correct person there is an equity share in the company with a competitive salary and current City level of bonus, together with other benefits.

Applicants should write to Box A0655, Financial Times, 10 Cannon Street, London, EC4PY 4BY or telephone 01-283 9801

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GROUP PLANNING OFFICER

Where we go next could well depend on you

to £21,000 City

These operations are conducted by independent business units, with the required co-ordination of strategic and corporate planning being provided *by a City-based Group Planning Unit,* a function which is crucial to the ongoing development of both our current business base and the creation of new ventures.

It makes the position of Group Planning Officer one which *can, quite literally, shape the future* of our business units through the identification of new opportunities and the creation of the strategies which will underpin their development.

For this reason, applicants are likely to hold a relevant first degree plus a financially-oriented MBA, and have at least five years' financial sector experience, ideally with an involvement in finance and marketing.

While a strategic planning background would be useful, it is not a prerequisite. However, the person who joins us must have an independent and enquiring mind, be able to work without close direction, and have exceptional written and verbal skills as well as *the ability to relate effectively to* colleagues, in the operating units and senior management within the Group.

It is, we admit, a lot to ask, but then, the rewards are quite exceptional, with a salary of £17,000 – £21,000 depending on experience, an inner London Allowance, non-contributory pension, subsidised house purchase scheme, and profit sharing after two years.

For immediate consideration, please send your c.v. to:
**Mr P.J. O'Sullivan,
Personnel Manager (Group),
Legal & General Group plc,
Temple Court,
11 Queen Victoria Street,
London EC4N 4TP.**

Legal & General

NOW · HELP · SHAPE · OUR · FUTURE

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The London branch of a major international banking group is seeking to expand its financial futures and options operations with the appointment of an experienced desk dealer.

Candidates, probably in their mid twenties, should have a minimum of two years' relevant trading experience in an active dealing room and be fully conversant with arbitrage techniques.

For the exceptional candidate our client will negotiate a very competitive remuneration package.

Interested candidates should contact Stephen Cussens on 01-404 5751 in the strictest confidence or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

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Michael Page City
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Gilts Division

GILT SALES

The leading new securities arm of a powerful International Investment Bank providing global services of the very highest quality, seeks to appoint high calibre individuals in the Gilts Market.
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A leading UK stockbroking firm with an enviable City reputation offers a challenging career to an ambitious Economist/Mathematician. Providing detailed research on Gilts/International Bonds for both the sales team and clients, an articulate, young individual is sought with an exceptional academic background and experience of analysing Bonds in a stockbroking/investment banking environment.

If you are able to meet the above criteria, please contact Daniel Berry or Anthony Isern on 01-256 6833 or send a full CV in strictest confidence to Reed City, 94 Old Broad Street, London EC2M 1JB.

REED... City

Expansion phase II

Product Marketing

On-line Investment Information

Datastream International is a market leader in the exciting world of financial information, providing software and data to some of the world's major decision makers. Our large databases provide on-line access to a wide variety of products and services such as: portfolio valuations, equity and bond research and investment accounting.

We want to build our Marketing Department with individuals who understand the market and can develop and implement future product plans and business strategies.

You may be currently working in a fund management, investment research, consultancy or marketing role. Are you looking for an ambitious future with a market leader that brings together finance and high technology?

You will play a vital role in market analysis, planning future products and services, and increasing market penetration. You will be instrumental in Datastream's future growth, and will be responsible for taking products from the initial concept to launch.

Marketing Executives: £16K – £22K

Benefits include bonus, pension and life assurance, medical scheme.

If you have the energy, experience and vision to accomplish this then we can provide you with your next exciting career step (and then the next...).

Call Nick Marsh, our retained consultant, to discuss your future potential at Datastream in more detail and to arrange an interview on 0753-854917 (daytime) or 01-948 1183 (between 7–9 pm evenings) or send your c.v. to him at:-
BKI Management Consultants Ltd., No. 8 Sheet Street, Windsor, Berks., SL4 1BW.

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To discuss this further, in strictest confidence, please contact Christopher Lawless or Stuart Clifford. Telephone 01-583 0073 (or 01-675 7121 after office hours).

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We are also prepared to consider candidates with Settlements experience in Far East and European Equities, Eurobonds and Warrants on a six months contract basis with a view to possible permanent employment thereafter.

Please apply in writing enclosing an up to date C.V. to:

**Mr. John Guy,
Operations Manager,
Baring Securities Limited,
Lloyds Chambers,
1, Portsoken Street,
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FOX-PITT, KELTON

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We are *expanding our European team and wish to add an* analyst to cover French and Northern European insurers. This position will involve travel, report writing and advising the firm's institutional clients. The successful applicant will become a recognised expert in his field.

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R. P. Gullett,
Fox-Pitt, Kelton Euroequities,
Eldon House, 2 Eldon Street, London EC2P 2AY.

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01-439 1701

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Ken Castle or Geoff Conway-Henderson on 01-588 7558

INSURANCE CORPORATION

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A Senior Management Appointment

The Insurance Corporation of Ireland plc is one of Ireland's largest commercial organisations with underwriting interests in the home and overseas markets. This important vacancy arises owing to an approaching retirement in Dublin. The person appointed, reporting to the Chief Executive, will take over responsibility for the Claims and Actuarial Division, which plays a major role in shaping the future success of the organisation.

The primary requirements are for an individual who has successfully managed multi-disciplinary teams and who has the ability to represent the company at very senior levels. The successful candidate may have a professional qualification and is likely to have considerable experience in the non-life insurance industry, with a significant amount of that time in an active and well managed liability claims environment. Previous involvement in developing computerised systems would be an added advantage. Candidates under 35 years of age are unlikely to have the required experience.

The salary and significant benefit level will reflect the importance the company places on this key position. A relocation package will be discussed where appropriate.

If you would like to be considered for this appointment please send a comprehensive curriculum vitae to John McMillan at the address below:

Executive Selection Division,
Price Waterhouse
Management Consultants,
Gardner House,
Wilton Place,
Dublin 2.

Price Waterhouse

Trainee Analyst

Bond Fund Management

Not less than £20,000pa

Our client has in excess of £650m funds under discretionary management for both corporate and private clients. It is a top performer long term and much of the credit is due to the excellence of the research team.

Candidates must have a first class academic record in the study of economics or a related subject and have about 2 years investment or corporate finance experience gained with a bank or investment house.

Career prospects are excellent with the early assumption of responsibilities as a bond fund manager. Salary is in a range from £20,000 plus benefits. Please forward a full CV with salary details and quoting reference LM617 to Terry Fuller, Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates
Executive Selection

Elders Finance Group

To support expansion within the UK and Europe, Elders Finance Group is seeking to fill the following positions:-

Regional Treasurer Europe

The Regional Treasurer Europe will be primarily involved in ensuring the co-ordination of funding arrangements and bank relationships. This will involve the establishment and maintenance of trading and funding facilities with banks across the UK, Europe, Middle East and the US and ensuring that administration of the facilities meets local regulations. Other responsibilities include looking at the Finance Group's equity and debt structure and contributing to the overall funding policy of the Group.

Several years experience of international banking at a senior level is required, an indepth knowledge of funding alternatives, and credibility within the banking industry are essential.

This position reports directly to the Group Managing Director and remuneration and conditions will reflect the seniority of the position.

Group Legal Officer

The growth of Elders Finance Group and the development of a regulatory framework for financial services necessitate a Group Legal Officer to ensure compliance with regulations and to provide advice and guidance to the Group's management on all legal matters. The jobholder will be expected to build and maintain links with the appropriate SROs and develop internal procedures which enable statutory requirements to be met.

We are looking for a qualified solicitor with 5 years relevant experience which will have included exposure to the corporate sector. A good working knowledge of recent legislation is also required.

An attractive remuneration package will be offered to the right candidate.

Regional Audit Manager

Reporting to the Controlling Audit Manager in Australia, this new role is being established to conduct internal audit appraisals within Elders Finance Group and across other parts of Elders IXL. In addition to looking at both operational and statutory audit, special assignments throughout the group will be undertaken.

The ideal candidate will be a qualified accountant with at least 10 years experience. Furthermore, because the role covers the whole of Elders IXL, a detailed knowledge of the Finance, Brewing, Wool and Shipping sectors is required.

Remuneration and conditions reflect our expectations of this position.

Applications to include a full CV, should be sent to the Personnel Manager, UK/Europe, Elders Finance Group Ltd., 73, Cornhill, London EC3V 3QQ.

Elders

ELDERS FINANCE GROUP LIMITED

International Appointments

No Longer the Forbidden Fruit

Assistant European Treasury Manager

Take a bite... Assist in the investment of a diversified, primarily short term dollar portfolio, use and development of treasury systems,
Supervision of cash management function for subsidiairies,
Support in credit financing, Liaison with international financial institutions.
This position requires a money-market investment background and a minimum of 2 years experience in either corporate treasury operations or a financial institution.
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This position is based in Paris.

Apple

Please write to Lisiane Droal, Apple Computer International, 87, av. de La Grande Armée, 75116 Paris with reference AET/87.

Dr. Helmut Neumann
Management-Beratung

Fondsmanager
Erste Bankadresse München

Wir sind als Kapitalanlagegesellschaft einer der ersten deutschen Banken zuständing für die Verwaltung von Spezial und Publikumsfonds. Sitz der Gesellschaft ist München.

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Nutzen Sie die Möglichkeit des vertraulichen Erstkontaktes mit unserem Berater; er bürgt Ihnen für objektive Information und absolute Diskretion. Bitte rufen Sie an oder richten Sie Ihre Bewerbung mit tabellarischem Lebenslauf unter 8616/F an die Dr. Helmut Neumann Management-Beratung GmbH (BDU), Odeonsplatz 18, 8000 München 22, Telefon 089/224681.

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Frankfurt

SENIOR FOREIGN EXCHANGE & MONEY MARKETS ADVISOR TO CENTRAL BANKS

The role of Senior Foreign Exchange and Money Market Advisor will be to act in an advisory capacity to the existing clientele of International Central banks and Government Institutions. The ideal candidate will be in his early thirties, have a sound professional/educational background and be fluent in German and English.

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London EC2Y 5ET
Telephone: 01-256 5611
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We are a Hong Kong based institutional stockbroking firm with offices in Singapore, Kuala Lumpur, Bangkok and London, providing high quality professional research.

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Please forward in strictest confidence your full personal and career details to:

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Jonathan Wren International Ltd
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The successful candidate should have a university degree and/or professional qualification and at least eight years relevant experience with an established international bank or investment organisation, incorporating analytical and steadily increasing investment management responsibilities. A sound knowledge of international equity and, more importantly, fixed income markets is essential. Given the need to work closely with both shareholders and the international investment community, good communicating skills, both oral and written, are extremely important.

This is a key appointment which will command a competitive compensation and benefits package and include a relocation allowance.

St. James's Corporate Consulting,
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The contract is for one year with possible renewal. Salary and other benefits will be commensurate with the experience of the successful candidate.

Interested candidates should send a detailed c.v. to:

Personnel, P.O. Box 397
Riyadh 11411, Saudi Arabia

Large US based options firm seeks options market maker for new UK subsidiary company to trade in London on The Stock Exchange. Salary dependent on experience. Candidates who should have one year or more experience on a traded options floor either as a clerk, market maker or broker should within 14 days contact:

Mr Larry Koplik of Princeton Newport Options Partners at 33 Witherspoon Street, Princeton, New Jersey 08542, USA enclosing a full CV or telephone 010 1 609 921 3113

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Merci d'adresser lettre manuscrite, CV + photo, sous référence *FT 7903* à
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20, rue de Boulainvilliers 75016 PARIS.

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Please write to Box M 18-115325, PUBLICITAS, CH-1211, Geneva 3 or Box A.0657, Financial Times 10, Cannon Street, London EC4P 4BY.

EXPERIENCED SPOT FX BROKERS AUSTRALIA—NEW ZEALAND

Vacancies exist for experienced Spot Foreign Exchange Brokers at the Sydney and Wellington offices of M. W. Marshall & Co Ltd. Service is at present provided in Spot AUD, DMK, YEN, STG and NZD but due to increased volumes in this fast expanding market we need to supplement our present Spot teams with an additional three brokers with at least five years experience, although consideration will be given to applicants with only three years' experience.

Market related remuneration packages will be negotiated and positions offered to suitable applicants subject to the authorities granting the appropriate work permits. Preference will be given to applicants already possessing resident status in Australia or New Zealand.

Applicants should submit full career details to:

Mr Peter Davies
c/o Box A0667, Financial Times,
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The World Intellectual Property Organisation (a Specialised Agency of the United Nations) has an opening at its headquarters in Geneva, Switzerland, for a

Specialist in Patent Law and Related Treaties

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Candidates must have a university degree in law, or equivalent legal training; extensive experience in industrial property law, preferably including experience at the international level; excellent English and good knowledge of French; be under the age of 55.

Send detailed résumé (with photograph), quoting reference P703(B), by October 30, 1987, to the *Personnel Section, World Intellectual Property Organisation, 34, chemin des Colombettes, CH-1211 Geneva 20 (Switzerland).*

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday September 23 1987

US DRUGS GROUP DISCLOSES PURCHASE OF KEY 6.3% VOTING STOCK

ICN buys Hoffmann-La Roche stake

BY JOHN WICKS IN ZURICH AND OUR FINANCIAL STAFF IN LONDON

ICN Pharmaceuticals, the Californian-based drugs company which has been the subject of intense controversy over its anti-AIDS drug Ribevarin, surprised Wall Street and the industry yesterday by disclosing it had bought 6.3 per cent of Hoffmann-La-Roche's voting shares.

ICN, headed by Mr Milan Panic, would have paid about SFr300m ($200m) for the shares at current prices, but it is likely that the purchase was at much lower prices as the Swiss drugs group's shares have risen sharply over the past 12 months.

Roche said yesterday that the company had been surprised by the news of the share purchase. Since it involved bearer shares, Roche had not known that ICN had been buying its shares until it was informed of the disclosure to the Federal Trade Commission.

There was, however, "no panic" at this development, he added. Over 50 per cent of Roche's voting shares were "in secure hands" and only a small percentage was likely to be freely available on the market.

The company's 16,000 bearer shares and 81,440 non-voting dividend-right certificates are traded over the counter in Switzerland.

It seems unlikely that ICN sees the Roche participation as a strategic position in connection with its operations. For the business year ended last November ICN's sales were only $102.8m, compared with Roche's group turnover of as much as SFr7.82bn.

The transaction probably has more to do with the rapid rise in the Roche share price over the past year. Although the yield of Roche's bearer shares is of only some 0.4 per cent, the actual price has approximately doubled to reach the current level of over SFr300,000 each.

Milan Panic

The US had already attracted attention in Switzerland this February when it floated SFr60m worth of 10-year bonds convertible into either its own stock or into shares it held in Ciba-Geigy – another leading Basle chemical company – at a price of SFr4,000 a share. This was undertaken without prior approval from Ciba-Geigy.

ICN Pharmaceuticals is the parent company of a pharmaceutical and bio-medical group which is made up of the operating companies Viratek, SPI Pharmaceuticals and ICN Biomedicals, all based in the US.

Pharmaceuticals account for more than 40 per cent of the Roche group's turnover, other major operations being vitamins and fine chemicals, flavours and fragrances and diagnostics.

Guinness accused in $117m US lawsuit

By James Buchan in New York

GUINNESS, the UK brewing and spirits group, has been accused in a New York court of conspiring to defraud the former owners of a small US drinks distribution business as part of its takeover of the Distillers group last year.

But Guinness believes it is protected from liability by the terms of its $480m purchase last week of Schenley Industries, which owns the small distributor.

The suit, filed last Friday in a Manhattan federal court, seeks some $117m in penal and other damages from Guinness and two former executives, Mr Ernest Saunders and Mr Thomas Ward, as well as from Mr Meshulam Riklis, the US businessman who sold Schenley to Guinness.

Mr Robert Sugarman, a lawyer with the New York firm of Weil Gotshal & Manges, said that the suit had been filed on behalf of 56 former stockholders of Renfield, a company which has enjoyed the US distribution rights for Distillers' Gordon's gin and vodka brands since 1947.

The suit alleges that Mr Riklis and Schenley "illegally assisted Guinness" during last year's bitter struggle for control of Distillers, which is still the subject of an investigation by the UK Department of Trade and Industry.

The suit says that Guinness promised Schenley the rights to the Gordon's brands as a reward, allowing Mr Riklis and Schenley to threaten Renfield with the loss of its main business and pick up the company "at a price far less than its market value," or $45m in notes and cash.

Mr Sugarman said that the Renfield stockholders were demanding $39m in damages to make up for the lost value of the Gordon's brands.

Renfield shareholders are also demanding triple damages of $117m under federal racketeering laws.

Court ruling threatens USAir-Piedmont merger

BY ANATOLE KALETSKY IN NEW YORK

A RULING has been made against the $1.6bn merger agreed in March between USAir and Piedmont Aviation – an unexpected decision which jeopardises the creation of what would be America's fifth-largest airline.

This seems to echo the public outcry against a wave of takeovers that has transformed the US airline industry in the last two years.

The ruling was announced on Monday night by Mr Ronnie Yoder, an administrative law judge specialising in transportation cases, and was the second step in a three-stage process by which the Department of Transportation analyses the anti-competitive impact of airline mergers.

Its significance is in the fact that it is the first adverse court ruling since the current system of oversight was introduced in January 1985.

Of the 19 airline combinations since then, all but two have been permitted by the department without a reference to the administrative court.

In the two cases which were referred, the Northwest-Republic and TWA-Ozark mergers, the court had no major objections to the proposals and automatic approval followed. The USAir-Piedmont merger will be the first to go to the final stage of the three-part procedure, under which the department has to decide whether to accept or overrule the judge's recommendation.

The department's decision will be made more difficult by two conflicting political pressures. On the one hand there has been strong condemnation in Congress for the deterioration in service quality throughout the US airline industry. The quality problems have been reflected in the poorest on-time performance for more than a decade, by unprecedented numbers of consumer complaints to the federal Government and by widespread concern about flight safety. Much of the blame has been placed on mergers which have diminished competition in many of the country's main airports.

On the other hand, the precedent set by the approval of other much larger airline mergers, will strengthen USAir's argument that it would be totally inconsistent to ban the takeover of Piedmont – especially since the merger is largely motivated by the widespread view among analysts that neither of the two airlines was strong enough on its own to compete against the newly-formed giants of the industry.

By using this argument and by committing himself to maintain fares and services to several cities where USAir and Piedmont competed, Mr Edwin Colodny, USAir's chairman, has overcome initial opposition from the Justice Department, as well as the state governments of New York, Massachusetts and West Virginia.

Avis in talks on possible sale of group

AVIS, the second-largest US car rental company, is involved in talks on the possible sale of the company, *AP-DJ reports from New York.*

The options under discussion include the sale of Avis to its employees through an employee stock ownership plan, spokesman Mr John Britton said. Other options include a sale to the public through a stock offering, he said.

Mr Britton declined to give any details of the talks and said no timetable had been set for making a decision.

Avis, which is based in Garden City New York, is owned by Wesray Capital, a privately held company specialising in leveraged buyouts.

Wesray investors, including Avis management, acquired Avis in July 1986 from Beatrice for $265m in cash. Wesray also assumed $1.34bn in Avis debt.

ICI to sell Stauffer division to Rhône-Poulenc for $522m

BY KEVIN BROWN IN LONDON

IMPERIAL CHEMICAL Industries of the UK yesterday announced the sale of the basic chemicals businesses of its Stauffer Chemicals subsidiary to Rhône-Poulenc of France for $522m

This was substantially in excess of valuations by analysts in London and Paris,

The sale virtually completes the dismemberment of Stauffer, which ICI bought for $1,925m from Unilever in July. Unilever acquired the group as part of its $3.2bn purchase of Chesebrough-Pond's in December.

ICI sold Stauffer's speciality chemicals division to Akzo, of the Netherlands, for $625m in August. Three smaller businesses in formulated foods, fabricated plastic products and chloralkali are to be sold before the end of the year.

Mr Alan Clements, finance director, said the series of deals meant that ICI had acquired Stauffer's agrochemicals businesses for a "very satisfactory" net cost of $778m.

The acquisition moves ICI from sixth to third place in the world agrochemicals league table, and from 11th to fourth in the key US market.

Mr Clements said the net cost of the agrochemicals businesses would be less than 18 times 1986 profits, after tax and interest payments.

Mr Ronnie Hampel, director of American operations, said ICI had been prepared to pay up to 25 times earnings for Stauffer's agrochemicals businesses, which had brought about a "step-change" in the group's position in the market.

Mr Hampel said Stauffer's basic and speciality businesses did not fit into ICI's strategy for expansion in the US, where it has recently acquired the Glidden paints company and the chemicals division of Beatrice Foods.

In Paris, Mr Jean-René Fortou, chairman of Rhône-Poulenc, said the acquisition of the Stauffer basic chemicals business met the French group's two major strategic objectives of reinforcing activities where it already had a strong world position and establishing a solid industrial and commercial base in the US.

Basic chemicals already represented 13 per cent of Rhône-Poulenc's sales, and the group expects to benefit from its synergy with Stauffer in the fields of phosphates, sodium carbonate and sulphur derivatives.

The integration of Stauffer, after the acquisition last year of the agrochemicals operations of Union Carbide, will leave the US accounting for 11 per cent of Rhône-Poulenc's sales in 1988.

York International returns to takeover trail after failed bids

BY ANDREW BAXTER IN LONDON

YORK INTERNATIONAL, the world's largest independent refrigeration and air conditioning group, plans to buy several smaller controls and distribution companies in the US and UK after the failure of two bids for major US competitors.

York, which lost money from 1982 to 1985, was spun off from Borg-Warner last year in an unusual deal which included the installation as chairman of Mr Stanley Hiller, a corporate turnround specialist who began his first business venture as a teenager.

Since the spin-off, the company has experienced a major financial recovery as costs have been cut and management redirected. At the same time capital spending has been increased and attempts made to broaden the company's product range.

Mr Hiller, in London this week, said that York had bid $500m for the privately-owned Copeland compressor business in the US and $800m for Rheem, an air conditioning manufacturer. It had even put in a bid for its former parent, Borg-Wagner – which has since been taken private in a $4.2bn deal arranged by Merrill Lynch – as it was interested in some of Borg's industrial products.

York, however, failed to bid high enough for Rheem or Copeland, and Mr Hiller said he did not want to stretch the company's balance sheet. The company has had greater success with smaller takeovers, buying Bristol Compressors, the third-largest US compressor supplier, and Frick, the largest US manufacturer of screw compressors, a newer technology which York sees having increasingly broad applications.

Mr Hiller said that, since becoming chairman, he had been surprised by the "unused strengths of the company and the strength of the market place," although he admitted that pre-tax margins, at half the 8-10 per cent that some competitors were achieving, were still "lousy."

The company is heading for sales of $1bn this year, and pre-tax profits of $50m against $19m last year.

INTL. COMPANIES and FINANCE

Wong Sulong on the growth hopes of a diversified Malaysian group

Johan plans overseas expansion

JOHAN HOLDINGS, the diversified Malaysian group, is nearing the end of a long and complex restructuring exercise which its directors hope will lay firm foundations for overseas expansion.

All of the group's non-Malaysian operations have been hived off and put under a new company, Abacus Pacific. Abacus is incorporated in the Netherlands for tax and strategic purposes, and permission has been obtained to list it on the Melbourne Stock Exchange next month.

As part of the exercise, Abacus will issue 10.5m shares to the Australian public at a 50 per cent premium over their par value. By the end of the day, the new company will have a paid-up capital of 66.3m shares, with a par value of Fl 1.5 ($0.70), and shareholders funds of Fl 121.6m ($59.5m).

Johan will hold 51.2 per cent of Abacus, with the rest of the equity spread among investors in the countries where it will operate.

Prospects for the new company look bright. Analysts are giving it a high rating because of its business and geographical spread, and the board boasts some of the most respected names in Malaysian and Australian business. "Abacus is inheriting the best parts of the Johan business," comments a Malaysian banker familiar with the restructuring exercise.

For a start, Abacus will have 80 per cent of Jacks International, the publicly listed Singapore-based trading and distribution group, and 100 per cent of Johan Investments, George Kent of Singapore, Trinity, a small general insurance company and Sheric, an insurance underwriting agency, both in Hong Kong.

Third restructuring

Jacks is now rid of its loss-making Malaysian operations, which have been sold to Johan itself. This will make a big difference to its balance sheet. It also holds 57 per cent in William Jacks plc of UK, the lucrative luxury cars distributor.

Johan Investments holds the Diners Club franchise in Singapore and Brunei and 7 per cent in CRC International, a small British investment bank.

J. B. Were, the Australian stock broking firm which is underwriting the Abacus public issue, is projecting a net profit of A$5.4m ($3.97m) for the company for the year to January 1988 and a profit of A$9.8m the year after.

The latest restructuring exercise is the third in Johan's long history. Incorporated in 1917 as a British tin mining company, it was sold to Mr Tan Kay Hock in 1980 when deposits ran out. Mr Tan is a lawyer whose family are prominent land owners of Sabak Bernam district north of Kuala Lumpur.

The early '80s saw a period of hectic acquisitions. Its paid-up capital rose from a mere $110,000 to $52m.

Although the group recorded a small loss in 1986 and 1987, (due mainly to the heavy losses of Jack's operations in Malaysia and Singapore), Johan is one of the few Malaysian groups that was not embroiled in the property and share market collapse of 1985/86.

Johan's overseas ambitions reflect a growing trend for Malaysian businessmen and corporations to look abroad for profits in the wake of the country's recession.

Sime Darby, Malayan United Industries, Malaysian Mining Corporation, Ipoh Gardens and Genting, have important overseas interests which they intend to build up further. Recently, Permodalan Nasional, the government investment agency, announced it was also looking for investment opportunities overseas.

Mr Tan is attracted by the economic prospects in Britain, where he says the price earning ratios of companies are still comparatively attractive. He confirms he is looking for acquisitions there of up to £100m sterling.

Respectable status

Expansion will be based on the group's core interests in trading, consumer and financial services and manufacturing. With no debt and a cash reserve of $28m Abacus should be able to digest such acquisitions.

"We can also use paper from Jacks plc for acquisitions," he says, pointing out that the company has now achieved a respectable status. In the past three years, Jacks plc's turnover and share price have tripled to £45m and 90p respectively and the company is still performing strongly.

Abacus is also looking at Australia for growth. This would be done through a subsidiary, Abacus Australia, which is expected to be listed by the end of the year.

The group's philosophy is basically conservative, says Mr Tan; but, he adds, "we must be slightly opportunistic."

Zim earnings show six-fold increase

By Judith Maltz in Tel Aviv

ZIM NAVIGATION Company, Israel's national shipping line, has reported a six-fold increase in net profits for the first six months of the year to US$27.2m, compared with the same period last year.

Mr Matti Morgenstern, managing director of the company, said he had not expected such a sharp rise in earnings. He attributed this improvement mainly to a substantial growth in turnover, resulting from an increase in the volume of cargo handled by the company.

Zim's income grew by 16 per cent to $393m in the first half of the year, while the volume of cargo shipped increased by 21 per cent to 4.5m tonnes. Shipments made on international trade routes between foreign ports accounted for more than half of this sum.

The company has now been in the black for two and a half years, before which it had been on the verge of bankruptcy.

Mr Morgenstern said that it had decided to embark on a $200m fleet renovation programme. Zim is currently negotiating the purchase of five to seven new container ships with overseas shipyards for this purpose, he said.

The shipping company said it was also on the verge of signing a rescheduling agreement with the banks on its $400m in liabilities.

Half the shares in Zim are held by the Israel Corporation, a holding company owned by Mr Shaul Eisenberg. The Government holds a 40 per cent stake in the shipping line.

Food side boosts Burns Philp

BURNS PHILP, the diversified food, hardware and shipping group, said its food operation was the main contributor to a 45 per cent rise in annual profit, Reuter reports from Sydney.

The company reported that its equity-accounted net profit rose to A$58.17m (US$42.9m) in the year ended June 30 from A$40.15m in the previous year on sales of A$1.26bn against A$1.16bn in 1985-86.

The rise in the food contribution reflected last year's purchase of the Fleischmann's yeast and vinegar operations in North America from RJR Nabisco for $130m, the company said.

Offshore operations contributed more than 60 per cent of earnings including improved profits from Papua New Guinea and other Pacific divisions.

Shipping and trading profits were up, reflecting a good result from bulk liquid storage, chemical cleaning and industrial trading, it said.

Expanded offshore activities, including fresh acquisitions, along with planned growth of major businesses in Australia, should further improve the group's performance in the present year.

Santos profits up by 33% at midway

SANTOS, the Australian oil and gas company, said yesterday that operating profits after tax rose by 33 per cent to A$55.2m ($40.6m) in the half year ended June 30 from A$41.5m a year earlier, AP-DJ reports from Sydney.

Sales revenues advanced by 16.5 per cent to A$254.8m from A$218.7m and, after accounting for extraordinary items, overall profit was 36 per cent higher at A$51.9m against A$38.2m.

Earnings per share rose to 21 cents from 15.8 cents, after adjustment for a rights issue of shares, and the dividend is raised to 9 cents a share from 7 cents.

The directors said higher condensate, crude-oil and gas prices and the contribution from acquisitions lifted earnings.

News to sell Queensland papers stake

NEWS CORPORATION said it will sell its 48.6 per cent stake in Provincial Newspapers of Queensland, Reuter reports from Sydney.

"We wish to concentrate our efforts in the management of publishing operations which the News group controls," News managing director Mr Ken Cowley said, adding that News would soon talk with prospective buyers.

Mr Cowley said News was the largest shareholder but did not exercise operating control of Provincial which publishes papers in Mackay, Rockhampton, Gladstone, Bundaberg, Maroochydore, Ipswich, Warwick and Toowoomba.

INTL. COMPANIES and FINANCE

George Graham on the French chemical group's $500m dash for growth in US

Rhone-Poulenc joins the big league

Mr Jean-Rene Fourtou, chairman of Rhone-Poulenc, the French state-owned chemicals group, was rubbing his hands yesterday after coming out on top in the contest to buy the Stauffer inorganic chemicals operations from ICI of the UK.

The price he is to pay—just under $500m, plus $20m of debt taken over—may seem on the high side to many financial analysts, but the French group feels Stauffer fits so well into its strategic plans that it was ready to pay more.

"The price is below the limit we had set ourselves," Mr Fourtou said.

And although Rhone-Poulenc is stretching its financial resources, the acquisition will not prevent the group from further improving its debt to equity ratio this year.

The purchase is in line with the strategy Mr Fourtou has adopted since he took over at Rhone-Poulenc in March 1986.

It builds on products where the group is already strong, and it does so through an expansion into the US market where it has hitherto been under-represented.

With the US accounting for 35 to 50 per cent of the world market in most chemical sectors, Rhone-Poulenc's position across the Atlantic had lagged far behind its European rivals.

Jean-Rene Fourtou: price below limit

The US accounted for only 3 per cent of the group's sales last year, compared with 20 per cent or more for companies like ICI or Hoechst.

With the acquisition of the Stauffer operations from ICI, the figure is expected to move to 11 per cent next year. Mr Fourtou is aiming to reach 15 per cent in the 1990s.

Stauffer's inorganic chemicals operations are Rhone-Poulenc's third big acquisition in the US in less than a year.

Stauffer's sodium carbonate operations, with a 1.8m-tonnes per year mine at Green River, Wyoming, and sales of $115m, are about twice the size of Rhone - Poulenc's synthetic sodium carbonate operations. Together, they will be third in the world behind Solvay and FMC.

Sulphate and sulphuric acid accounts for $185m of Stauffer's sales, three times as large as Rhone-Poulenc's activities in this sector. The marriage will create the world's leading producer of regenerated sulphuric acid.

The newly acquired operations, like Rhone-Poulenc's existing inorganic chemicals businesses, have pre-tax profit margins of more than 10 per cent of turnover, the group said.

For Stauffer, the purchase by Rhone-Poulenc may at last bring some stability after two-and-a-half years of pass-the-parcel.

The whole company was bought in 1985 by Chesebrough Ponds, which itself was bought a year later by Unilever. The chemicals activities were then sold in June this year to ICI. It, in turn, decided to keep the agro-chemical business, selling on Stauffer's specialised chemicals to the Dutch group Akzo and the inorganic chemicals to Rhone-Poulenc.

Even there, the parcel may not have stopped. Mr Jean-Marc Bruel, managing director of Rhone-Poulenc, said he had already received a number of telephone calls from US companies interested in some of the operations it had bought. Mr Bruel said some "redrawing of the boundaries" could now take place.

EUROPEAN CHEMICAL GROUP'S US SALES

	% of total
Ciba Giegy	30
Hoechst	25
ICI	25
Bayer	20
BASF	19
Akzo	19
Rhone Poulenc*	11

* Including Stauffer

Coming on top of its other acquisitions over the past 18 months, as well as FFr 3.4bn ($562m) of research costs and FFr 5.4bn of capital spending this year, the Stauffer acquisition stretches Rhone-Poulenc's financial resources.

It issued FFr 2.5bn of non-voting certificates of investment earlier this year, and has now reached the limit for a French state-owned company with 25 per cent of its capital floated in the form of CIs.

Until it is privatised — Mr Fourtou's keenest desire—the group can therefore raise no more equity funds.

But Mr Fourtou said that improved cash flow—he expects net profits to rise 15 per cent this year, from FFr 2bn in 1986 —and FFr 800m of asset sales meant that Rhone-Poulenc would be able to finance the Stauffer acquisition without increasing its gearing.

The impish Mr Fourtou has made no secret of his wish—shared by other French chemicals groups—to buy into the expensive US pharmaceuticals sector. For that, he will need the freedom to raise fresh equity capital that would come with privatisation.

Suez seeks more foreign holders

BY PAUL BETTS IN PARIS

THE next batch of state sell-offs in France are expected to include a larger number of foreign groups as core shareholders.

Under French privatisation legislation, foreign ownership is limited to 20 per cent.

But the Suez banking and financial group is opting to give a greater share of its foreign share allotment to core shareholders with a third going to foreign groups.

However, the privatisation of Matra defence and electronics group is likely to provide an even better example of the new trend.

Already Daimler-Benz and Volvo are understood to be interested in taking a core shareholding stake in the defence and electronics group.

Although *Fiat* has so far denied that it is interested in a stake in Matra, market analysts are increasingly convinced that the Italian group will seek a stake.

Fiat is already closely involved in a joint car components venture with Matra. In the event Daimler-Benz or Volvo should follow through their interest in Matra, Fiat is not expected to sit on the sidelines and watch impassively.

Moreover, the Italian group has also forged links this summer with Hachette, the French publishing group also headed by Mr Largardere, the Matra chief.

Banque Nationale de Paris (BNP), the country's largest commercial bank which now also wants to be privatised quickly, has also indicated that it would favour giving a greater role to foreign groups as core shareholders.

The bank believes this would be a way to establish important strategic international alliances in preparation for the 1992 unified European market.

Alfa-Lancia expects to break even for this year

BY ALAN FRIEDMAN IN MILAN

ALFA-LANCIA, the luxury car division of the Fiat group that includes both Lancia and the recently acquired Alfa Romeo, will achieve a break-even result for 1987, according to Mr Giuseppe Tramontana, Alfa managing director.

Mr Tramontana said at a press conference called to launch the new Alfa 164 model that Alfa Romeo would make a loss for 1987, but he could not extrapolate this from the combined Alfa-Lancia performance.

Alfa, however, had already received L800bn ($611m) of investments from Fiat in new product development, plant process costs and re-organisation this year. This represented 16 per cent of a total L5,000bn planned investment over the next five years.

Mr Tramontana expected Alfa Romeo to return to profit within two years.

He said Alfa Romeo would produce 203,000 cars this year, against 185,000 last year and 170,000 in 1985. Alfa's 1987 turnover would be L3,000bn, of which 58 per cent would come from sales in Italy.

Mr Tramontana said Alfa's 203,000 cars this year would include 110,000 Alfa 33 models and 69,000 Alfa 75 models.

BNP suffers modest reverse in first half

By Our Paris Staff

FRANCE'S largest commercial bank, Banque Nationale de Paris (BNP), yesterday reported a 1 per cent decline in first half consolidated net profits last year, to FFr 1.36bn from FFr 1.38bn ($228m).

Mr Rene Thomas, the chairman, said the bank was ready to be privatised quickly. He acknowledged that BNP would represent one of the largest privatisations as the bank had an estimated market capitalisation of about FFr 28bn.

After the privatisation of Societe Generale this summer and the aggressive campaign by Credit Lyonnais to be the next leading bank on the state sell-off list, BNP is clearly worried at the prospect of being the last of the "big three French commercial banks to remain under state ownership before next spring's presidential elections.

The modest decline in first-half earnings reflects a slowdown in net operating income both in France and abroad, largely due to developments in the financial market. In France, the bank has seen its traditional corporate loan business stagnate.

However, loans to individuals have continued to rise sharply, increasing by 18.3 per cent during the first half compared with the year before. Earnings from commissions have also increased both in France and abroad.

Hongkong Land earnings up 23% at half-way stage

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, one of the British territory's oldest and largest property investment groups, yesterday reported profits after tax, but before extraordinary items, of HK$474m (US$60.8m) for the six months ended June—a 23 per cent increase on last year's interim profit of HK$379m.

The improvement comes despite the loss of profits from Dairy Farm and the Mandarin Oriental Group, wholly-owned subsidiaries that have been publicly floated over the past year.

The two demerged companies contributed profits of HK$337m in the first half of 1986, but just HK$104m in the period under review.

The improvement was due in part to better profits from investment properties—up from HK$498m to HK$586m—and in part from a steep fall in debt servicing costs.

Hongkong Land's long-term debts now stand at about HK$2bn, following a sustained programme of asset disposal, down from a crippling HK$16bn two years ago. This debt reduction means that financing costs for the second half of the year are expected to fall still further.

The company earned extraordinary profits of HK$358m during the first half of the year.

Stora expands US division

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

STORA of Sweden, Europe's biggest pulp and paper concern, is expanding its fine paper operations in the US and Denmark.

It will purchase a 40 per cent stake in Mohawk Paper Mills, a US fine paper producer based in Albany, New York, which is to be combined with Newton Falls Paper Mill, Stora's existing US fine paper operation.

A 25 per cent stake in De Forenede Papirfabrikker (DFP), Denmark's leading paper producer, has also been bought from Danske Sukkerfabrikker (Danish Sugar) in a deal worth DKr 160m ($13.9m).

As part of the US deal, Mohawk is also to buy a 40 per cent stake in Newton Falls Paper Mill, which Stora bought in 1984.

The Swedish group is to pay $24m for its stake in Mohawk, while the US company, which is owned by the O'Connor family, will pay $6.8m for its stake in Newton Falls Paper Mill.

Mohawk is a profitable producer of high quality uncoated paper with an annual production of 60,000 tonnes a year, while Newton Falls Paper Mill, *which has struggled* against poor profitability in recent years, produces about 100,000 tonnes of coated paper a year.

Iveco chief forecasts continued rapid growth

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, Western Europe's second-largest heavy truck group, will lift net profit by at least 20 per cent this year, says Mr Giorgio Garuzzo, the managing director.

In 1986 Iveco, which is owned by Fiat of Italy but is registered in the Netherlands, more than doubled net profit—from Fl 120m in 1985 to Fl 284m ($139m)— and paid the first dividend, amounting to Fl 80m, in its 11-year history.

Mr Garuzzo says the company expects to pay dividends from the 1987 profit.

This year's net income will take account of Iveco's 48 per cent shareholding in Iveco Ford Truck, the UK company set up with Ford of Britain—also with a 48 per cent stake—in June 1986.

Mr Garuzzo says the UK company has performed better than anticipated and its 1987 loss, if any, will be small.

In the first six months after it was established, Iveco Ford suffered a net loss of £22m and the two principal shareholders injected a further £26m of new capital.

Mr Garuzzo is more confident now that Iveco Ford can maintain truck production facilities in Britain when the time comes to change the present range of Cargo models, forecast for the 1990s.

All Iveco's other production companies—Magirus in West German, Unic in France and those in Italy—are currently profitable "and the profit is increasing."

Iveco is being helped by buoyant conditions in the West European truck markets where Mr Garuzzo expects industry sales to reach more than 400,000 vehicles over 3.5 tonnes gross weight this year, for the first time since 1980.

If demand reaches that level 1987 would be the industry's third-best year, behind 1979 and 1980.

Conditions in markets outside Europe remain very depressed but European sales have compensated for the lack of exports so that Iveco is being constrained by lack of production capacity rather than by demand.

Capital investment will jump this year by between 50 per cent and 100 per cent, from Fl 281m. Spending will be *spread through the group and* its operating companies, aimed mainly at more automation at the production facilities.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Canadian dollar issues tap investor demand

BY CLARE PEARSON

FOUR CANADIAN dollar bonds totalling C$345m were unleashed on the Euro-bond market yesterday as borrowers rushed to take advantage of continuing firm investor demand for the sector.

Dealers say that Canadian dollar bonds have attracted European retail investors recently, some of whom have been switching out of Australian dollar bonds as the yield differential between the two markets has narrowed.

But the volume of yesterday's offerings looked likely to burn up much of this demand. As one dealer said: "Unfortunately, between us we've papered the market."

However, the triple A rated Canadian Federal Business Development Bank encountered no resistance with a C$50m bond bearing gold warrants and led by *Dominion Securities.*

Dealers said investors were *looking for high quality names* while the addition of gold warrants was timely, given *yesterday's rise in oil prices in* response to increasing friction in the Gulf.

The Federal Business Development Bank's four-year 10½ per cent bond, priced at 113½, carries 50,000 two-year gold warrants to buy one troy ounce of gold at $463.15, giving an effective premium of 25.97 per cent. The package traded well within 1⅞ per cent fees at less 55 bid.

Wood Gundy followed this issue up *with a C$75m deal for* Avoc Financial Services Canada, a subsidiary of the financial services company, while McLeod Young Weir International, with Burns Fry as joint lead, led a C$100m deal for Olympia & York Eurocreditco, a special purpose vehicle for the Canadian property company.

Both had five-year maturities, but Avco's bond bore an 11⅜ per cent coupon and 100⅞ issue price, while Olympia & York's carried an 11½ per cent coupon and 101.35 issue price.

Avco's *bond was quoted at* levels around or *slightly below* the 1⅞ per cent fees but Olympia & York's issue was bid at less 2.10. Dealers said *this reflected aggressive pricing.*

Prudential Bache Capital Funding's C$120m deal for Prudential Funding Corporation was *viewed as fairly* priced though it produced little *enthusiasm* yesterday. The five-year 11⅛ per cent bond was priced at 101⅛.

Elsewhere, Hambros Bank was busy targeting Continental retail demand for the higher coupon currencies with two unusual deals in the New Zealand *dollar sector.*

The first, an NZ$50m three-year 17 per cent bond for Landesbank Schleswig Holstein Finance, which marked the first *New Zealand dollar issue for a* West German name since 1985,

INTERNATIONAL BONDS

proved a strong success. Priced at 101½, it trade at less ⅞ bid compared with 1½ per cent fees.

The second, an NZ$60m 17½ per cent two-year bond for Toronto Dominion Bank, came late in the day but was indicated at less 1⅝ bid, the level of its total fees. It was priced at 101½.

In secondary Eurodollar bond *trading, prices fell by around* ½ point, outpacing slight declines in the US Treasury bond market during European trading time.

The improvement in the dollar following the enhanced Gulf tension had little impact on the Eurobond market as dealers continued to focus on the international monetary talks in Washington at the end of the week.

Costain, the UK construction, property and mining group, issued a $50m five-year 7½ per cent bond carrying warrants to *buy its equity.*

The offering met strong interest, which dealers said was partly inspired by attention created by recent buying of the *company's shares,* notably the 4.9 per cent stake taken this month by Trafalgar House, the UK conglomerate.

The bonds and warrants are designed to trade separately, but each bond carries 834 shares at a price of 421p. The warrants, offered at 67p, were quoted at 73p yesterday. The package was priced at 99½. Morgan Grenfell led the deal.

Nikko Securities led two five-year equity warrants bonds for Japanese companies. These *were a $40m bond for Taisei* Prefab, and a $60m bond for Koyo Seiko, the ball bearing manufacturer. Both par priced bonds carry indicated 3½ per *cent coupons.*

In West Germany, prices on the *foreign bond market* were down about 1½ point on the day while domestic bonds were down by *about ½ point,* but trading both markets was limited to professionals.

The Bundesbank announced a 28-day repurchase agreement at a minimum rate of 3.5 per cent, instead of the fixed rate of 3.6 per cent used in recent agreements. This concerned the market since there is clearly leeway under the new agreements for higher interest rates.

This worry was underlined by an announcement by the *Finance Ministry of a new* five-year bond issue at 5.7 per cent, compared with 5.55 per cent previously. It also raised rates on short-term notes.

Prices dropped *in Switzerland* in moderate turnover by ¼ to ½ point on overage. The only new issue launched was an SFr 80m for San-Ai Oil Company of Japan with a 5½-year maturity and an indicated coupon of ½ per cent, led by Credit Suisse. There is a put option in 1990 to give an indicated yield of 1.91 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	91	91½	−0½	−0¼	10.83
All Nippon Air 9⅝ 97	100	92	92½	[illegible]	[illegible]	10.66
American Brands 8⅞ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	10.10
A/S Eksportfinans 7¾ 92	250	[illegible]	[illegible]	[illegible]	[illegible]	9.68
BP Capital 9⅛ 94	100	†96½	97	0	[illegible]	9.88
British Telecom 7⅞ 96	250	[illegible]	[illegible]	[illegible]	[illegible]	10.42
British Telecom 8⅞ 94	150	94	[illegible]	[illegible]	[illegible]	10.09
Campbell Soup 10½ 95	100	101¼	101¾	[illegible]	[illegible]	10.21
Canada 9 96	1000	94	94½	[illegible]	[illegible]	10.02
Canadian Pac. 10⅜ 93	100	102¼	102¾	0	[illegible]	10.13
C.C.C.E. 7⅛ 91	113	91½	[illegible]	[illegible]	[illegible]	9.65
C.N.C.A. 7⅛ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	9.81
Citicorp 8¾ 93	200	†88¼	[illegible]	0	−0¼	10.84
Credit Lyonnais 9 91	200	[illegible]	[illegible]	[illegible]	[illegible]	9.72
Credit National 7⅞ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	9.77
Credit National 7¾ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.96
Denmark Kingdom 7⅞ 92	500	[illegible]	[illegible]	[illegible]	[illegible]	9.95
Denmark Kingdom 8⅞ 91	300	[illegible]	[illegible]	[illegible]	0	9.58
EEC 7 91	100	91½	[illegible]	[illegible]	[illegible]	9.41
EEC 7⅞ 93	250	[illegible]	89½	[illegible]	[illegible]	9.87
EEC 8¾ 96	100	[illegible]	[illegible]	[illegible]	0	10.28
EIB 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.95
EIB 9⅞ 97	250	[illegible]	[illegible]	[illegible]	[illegible]	10.34
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	10.54
Finland 7½ 93	200	89	89½	[illegible]	[illegible]	9.97
Ford Motor Cred. 10½ 91	150	102	102½	[illegible]	[illegible]	9.79
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	9.38
Gen. Elec. Cred. 10⅝ 00	200	†101½	102	[illegible]	[illegible]	9.98
GMAC 8⅞ 89	200	[illegible]	[illegible]	[illegible]	[illegible]	8.68
Hoesch 8⅞ 97	100	[illegible]	88	[illegible]	[illegible]	10.31
Hoesch 7⅞ 92	100	[illegible]	[illegible]	[illegible]	0	9.29
Hoesch 7⅞ 94	300	98	98½	[illegible]	[illegible]	9.56

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First issue for China in London since 1949

By Stephen Fidler, Euromarkets Correspondent

CHINA IS launching its first bond on to the London market since the creation of the People's Republic in 1949, an issue made possible by an agreement signed in June which *settled a 50-year dispute* on outstanding property claims between the UK and China.

The $200m issue, to be launched formally tomorrow, will carry a five-year maturity and is issued in the form of a floating rate note in the name of the Bank of China. Interest will be payable at ⅟₁₆ point over London interbank offered rate for six-month deposits.

The joint lead managers of the issue will be two British banks, S. G. Warburg, which is running the books, and Kleinwort Benson, but a syndicate of about 30 international banks is expected to place the issue.

The issue, which will coincidentally reopen the sovereign sector of the floating rate note market which has been closed for most of this year, is expected to be listed on the London Stock Exchange. The Bank of England is thought to have suggested that the first London issue *should be lead* managed by British institutions.

China, which has stepped up its foreign borrowing *programme sharply since 1984,* was barred from raising funds in London until the issue of its pre-1949 debts was resolved. It tried to bring a *$200m floating rate note in* London in June of last year, but was forced, after pressure from the Bank of England, to raise the money in Frankfurt.

There had been some expectation that the first issue in the London market would be brought in sterling, but China's overriding need is for dollars, the currency in which most of its trade is transacted, at floating interest rates.

While a fixed-rate dollar issue had been a possibility, the state of the dollar bond market since June made this a progressively unlikely prospect. Bankers consider a sterling issue is still a possibility, while an issue in Swiss francs, the only other major currency sector untapped by the Chinese, is also thought to be on the cards.

The country's foreign borrowing, estimated in the West to total $20bn-25bn but put officially by the Chinese at nearer $16bn, is heavily concentrated in the Tokyo market. The country has been seeking to diversify its sources of funds, not least because the yen's appreciation has made repaying debt to Japan very expensive.

Last week, the bar preventing another country, Bulgaria, from borrowing in the London market was lifted when it signed an agreement with Britain on bonds on which it stopped paying interest in 1941.

With these two agreements and one last year with the Soviet Union, there remains only one country which is barred from raising funds in London—East Germany.

Options trading for Helsinki

By Kevin Done, Nordic Correspondent in Stockholm

AN OPTIONS market is to be established in Helsinki to trade in standardised stock and interest rate options.

The market, which will start operations at the beginning of 1988, is to be privately owned and will be modelled on the operations of OM, the Stockholm options market, established in 1985.

The Finnish options market, Finlands Optionsmakiare, is to be owned by Union Bank of Finland, the leading Finnish bank, Skopbank, the central bank of the Finnish savings banks, Pohjola, the leading Finnish insurance group, and H. Kumingas, the Finnish stockbroker each with 18 per cent, and OM with 13.5 per cent.

An additional stake of around 15 per cent is to be offered to other Finnish brokers and investors.

OM, which recently announced that it was also to take a 25 per cent stake in a new options market to be established in Norway, is to *supply the Helsinki market* with a computerised system for the trading and clearing of options contracts.

OM will have project responsibility during a three-year period for launching options trading in Finland.

The Helsinki company will have an *initial equity of* FM 55.5m ($12.6m). The options market will operate separately from the stock market.

Japanese bond auctions face delay

BY STEFAN WAGSTYL IN TOKYO

THE LONG-AWAITED start next month of monthly auctions of Japanese government 10-year bonds—the benchmark issue in Tokyo—may be delayed by recent sharp falls in bond prices.

Yesterday the yield on the "bellwether" issue (the 89th 5.1 per cent 1996 bond) rose from Monday's close of 5.59 per cent to 5.725 per cent due to concern about rising inflation rates and about tension in the Persian Gulf. At the height of a speculative surge in May, the yield stood at just over 2.5 per cent.

Tokyo bond traders say this price fall has put pressure on the Ministry of Finance, which is refusing to set the coupon (face-value interest rate) on the proposed issue above the long-term prime rate of 5.2 per cent. Mr Yasuo Kanzaki, executive vice president of Nikko Securities, said the ministry would probably decide by the end of this week whether to go ahead with the offering.

Monthly government bond sales have been postponed in the past because of unfavourable market conditions. But the October offering of 10-year bonds is of more than passing importance because 20 per cent of the issue is due to be sold for the first time in a US-style auction, following intense pressure from America for the liberalisation of the market. The remaining 80 per cent of the issue is to be sold in the traditional way—at a negotiated price to a Japanese syndicate of banks and brokers.

Until this year, only short and medium-term government bonds were auctioned. Earlier this month an offering of 20-year bonds, which trade in a much smaller market than the 10-year instrument, was auctioned. This issue had itself been postponed for a month due to the fall in prices during the summer.

Some foreign brokers say that the MoF's difficulties in pricing next month's issue highlight the fact that the offering is, at best, only a modest step forward in liberalisaion.

They argue that, so long as 80 per cent of the issue is reserved for sale at negotiated prices to a syndicate, then the primary market is not really open to market forces. US companies in particular are continuing to press for the market to be opened up further. "We call this auction a non-auction," said one broker.

Tokyo close to shelf registration system

BY OUR TOKYO STAFF

THE JAPANESE Ministry of Finance is putting the final touches to plans for introducing US-style shelf registration of corporate bonds in Tokyo, in a further attempt to stimulate a moribund domestic market.

The measure, which is to be discussed next week at a meeting with financial institutions, would follow a number of other steps which the ministry has taken to help liberalise the corporate bond market.

Officials are concerned that many Japanese companies issue bonds abroad because of the inflexibility of the domestic market. *In the fiscal year to* March 1987, domestic straight bonds worth Y980bn were launched against Y1,639bn issued overseas.

Shelf registration, which was introduced in the US in 1983, would allow companies greater freedom about the timing of *bond issues. At present* companies have to notify the ministry of every issue so that it can be registered. Shelf registration would permit them to register in advance the total number of bonds they plan to issue over one or two years.

MoF officials hope the move will "activate" the bond market. The ministry's proposals will probably be put before the Diet for approval next spring and could come into effect in the autumn of next year.

Earlier this month, the ministry *revealed plans for* allowing small and medium-sized companies to issue unsecured straight bonds with a bank guarantee. At present only the 200 largest companies can float such bonds—other groups have to place collateral with a bank.

● Belgium yesterday raised Y10bn in a syndicated loan on the Tokyo offshore market. Bank of Tokyo, the syndicate manager, said it was almost certainly the first time that all the funds for a syndicated loan for a foreign borrower had been raised in the small Tokyo offshore market. Ministry of Finance officials hope that the loan will pave the way for the wider internationalisation of the Tokyo market.

Trinkaus brings D-Mark floater

BY HAIG SIMONIAN IN FRANKFURT

TRINKAUS & BURKHARDT, the West German bank which has recently issued several innovative Deutschemark Eurobonds, yesterday launched one *of the first floating rate issues* since the liberalisation of the German capital markets in May 1985.

The DM 150m deal for the *Council of Europe,* which has an eight-year maturity, will have its coupon set at six months Deutschemark London inter bank offered rate (Libor).

The novel feature of the par-priced deal is that investors *have the right, from October* 1989, to switch their floating rate paper into a fixed rate 6⅞ per cent bond, maturing in October 1995. The conversion premium *for this "flip-flop"* facility is 1 per cent.

Investors can also convert on subsequent interest - setting dates in April and October 1990 on the same conditions.

Any outstanding floating rate paper can be called by the borrower at par as of October 1992 and at any subsequent rate setting dates. The fixed rate *paper cannot be called.*

The issue met with a warm response in the market, where it closed well within its fees at 99.93-100.03 yesterday. Dealers reported strong institutional demand and said the issue had appealed to investors' present uncertainty about future interest rates.

● Japanese investment banks in Germany have been given the green light to lead manage D-Mark Eurobond deals from October 1.

Dutch bank merges Paris units

NEDERLANDSCHE Middenstandsbank has merged its two Paris-based subsidiaries, Banque NMB-Interunion and NMB Banque (France), into a new company, NMB Bank (France), Reuter reports from Paris.

NMB Bank (France) has an equity capital of FFr 200m ($33m) and a balance sheet total of FFr 3.5bn.

An NMB executive said the reasons for the merger were changes in French legislation dealing with increased solvency and a desire to simplify the organisational structure of NMB's operations in France.

Gemina rights to raise L335bn

By Alan Friedman in Milan

GEMINA, the Milan investment vehicle that *is* indirectly controlled by the Fiat group, plans to raise L335bn ($256m) by way of a rights issue.

The funds will be used for new acquisitions, according to Mr Cesare Romiti, the Gemina president who is also Fiat's managing director.

Mr Romiti confirmed yesterday that Rizzoli, the publishing group which is 62.5 per cent owned by Gemina, is in the "final" stage of negotiations to *buy an option to acquire within* a year a key share stake in Telemontecarlo, the private television *station* which is 90 per owned by Brazil's Rede Globo television empire.

Gemina also announced a L66bn net profit for the 12 months to last June, which compares with L63bn the previous year.

UK COMPANY NEWS

Minet Holdings profit disappoints

BY NICK BUNKER

Minet Holdings became the latest insurance broker to report disappointing 1987 interim results, when it yesterday announced a marginal increase in pre-tax profits to £19.32m for the six months to June 30.

The group's figures reflected industry-wide problems, the biggest of which for the sector as a whole is the emergence of premium rate-cutting by US property/casualty insurers and by marine and aviation insurance underwriters.

Minet said that in the first half it had made progress in reducing underlying increases in expenses, but Mr Ray Pettit, group chairman, said difficult market conditions had hit the group's revenue growth.

The group declared an interim dividend of 3.8p per share, up 10 per cent on 1986. The shares lost 14p to close at 406p. Stockbrokers' analysts had been forecasting a pre-tax profit figure of about £18m to £22m, after pre-tax profits of £19.27m at the half-way stage last year.

London-based Minet claims to be the world's leading broker of professional indemnity insurance for accountancy firms and lawyers. Via J.H. Minet, a Lloyd's broking subsidiary, it is also an important "wholesale" broker, placing in the London market insurance risks from around the world.

Turnover in the first half grew 8 per cent to £58.4m, while trading expenses increased by 13.4 per cent £46.6m.

Within the turnover figure, insurance brokerage income grew 9.6 per cent to £55.1m. Investment income from broking was £6.3m(£5.82m).

On the insurance underwriting side, Minet made a pre-tax profit of £1.2m(£891,000).

Group after-tax profits were £11.36m(£11m), before minorities of £346,000(£294,000). Profits attributable to shareholders were £11.02m(£10.7m). Earnings per share increased slightly from 13.81p to 14.13p.

*comment

Minet can point to 20 per cent per annum growth in pre-tax profits since the early 1980s, but it cannot buck the trends of an industry - international insurance broking - whose short and medium term destiny is unappealing. That said, Minet offers one or two attractions over its rivals. It may find room to grow its dividend payments more vigorously, now that the PCW affair no longer shadows its balance sheet. Expenses now consume only 78 per cent of broking revenue, down from 86 per cent three years ago. Yet those expenses are still growing faster than turnover nevertheless: for Minet has to fight ever harder to win broking accounts in a harsh world market. On a generous full year pre-tax profit forecast of £38m, earnings per share would be 28p, and the prospective p/e 14.5. Since the market should already have discounted the damage done by the insurance industry's cyclical downturn, the share price perhaps has no further to fall: but without more bid speculation, possibly surrounding the big stakes in Minet held by St Paul, the US-based insurer, and Corroon & Black, an American broker, it has no reason to rise.

TR Energy in bid talks

BY NIKKI TAIT

TR Energy, the oil and gas investment company run by Touche Remnant, announced yesterday that it is in talks which could lead to an agreed offer for Energy Recovery Investment Corporation - a Luxembourg-registered company where London fund management group, John Govett, controls just under 50 per cent of the shares.

Mr Dwight Makins, managing director of John Govett, said that he knew the terms being offered and "would expect Govett to agree." He also sits on the ERIC board, and added that in that capacity, he would also anticipate the board recommending the terms. A further announcement is expected shortly - hopefully this week.

TR itself already controls 25 per cent of ERIC, whose shares trade under Rule 535(3), with Imperial Life holding a further 7 per cent. Administration of the company - following a capital reorganisation and rights issue last year - is currently handled by Energy Management and Finance, a joint venture between TR and Kleinwort Benson.

ERIC has various interests in the North Sea, Indonesia and North America, including a small holding in Exploration Company of Louisiana.

Yesterday, shares in ERIC were currently trading at 280p, valuing the company at £9.5m. That represents a substantial recovery from the $1.80 rights issue price, and from the 170.25p-a-share bid which Govett Strategic Investment Trust made January - following market purchases which took the UK trust over the 30 per cent level.

TSB asks for the second 50p instalment

By Richard Waters

TSB, the banking group floated last year, yesterday wrote to 53,000 shareholders who are late in paying the second instalments on their shares.

Around £30m of the £680m due on September 8 has still not been received, the bank said yesterday.

The 53,000 who have yet to pay the 50p a share instalment represent less than 3% of TSB's shareholders. "Our registrars describe this as the best response received in any of the large share issues," said Mr Peter Rowland, company secretary.

Shareholders have been given "a reasonable time" to pay the second instalment - believed to be around two weeks. Any not paying by that time will receive 50p for each share they hold - the amount of the first instalment last year - and see their shares return to TSB.

Some of the late payments may be due to the Stock Exchange's backlog of paperwork on share sales, said Mr Rowland. This means that some shareholders who bought partly-paid shares may not have appeared on the TSB's share register yet, and so will not have received reminders about the second instalment.

Overseas sales help lift Filofax profit to £440,000

BY PHILIP COGGAN

Filofax, the personal organiser group which joined the USM in April, increased interim pre-tax profits by 69 per cent to £440,000 in the six months to June 30.

The group's profits are skewed towards the second half but the first half showed encouraging trends, with overseas sales increasing as a proportion of turnover from 29 per cent to 38 per cent.

Overall, sales more than doubled to £4.48m(£2.14m) but net margins were held up by start-up costs in the US and the expansion of production facilities.

The directors were confident that the full year would reflect satisfactory profits growth and the interim dividend is being set at 0.75p. Earnings per share were 43 per cent higher at 2p(1.4p).

The shares ended the day up 5p at 203p, compared with the flotation price of 120p.

BRITISH URALITE: Company announced that Overseas Corporate Funds is holder of 29 per cent of share capital. With support of OCF arrangements are being made to strengthen Uralite's financial resources. Mr Geoffrey Hill and Mr Allan Campbell, representatives of OCF, appointed to Ultralite board.

Citygrove up to £0.75m midway

Citygrove, the investment holding company specialising in property development and provision of financial and property- related services which came to the USM via a placing in July, boosted pre-tax profits from £159,000 to £751,000 for the half-year to May 31 1987.

Turnover increased from £4.27m to £13.3m. Comparative figures are those contained in the company's placing document issued in October 1986, adjusted for comparability where necessary.

As forecast in July, the directors declared an interim dividend of 1.5p (1p notional).

Tax amounted to £244,000 (£31,000). Earnings per 10p share amounted to 7.34p (2.56p) basic and 6.45p (2.26p) diluted.

London and New York sales lift Christies

"THE MOST outstanding half year in the company's history" is how Mr Jack Floyd, chairman of Christies International, described the six months to June 30 last which saw pre-tax profits of the international auctioneers leap from £7.23m to £18.32m.

Mr Floyd said the dramatic improvement in earnings – they almost trebled at 24.77p compared with 8.52p – has had a significant effect in further strengthening the balance sheet. The first six months saw strong demand in all levels of the art market. Total group auction sales rose some 76 per cent to £316m whilst turnover rose 54 per cent over the comparable period of the previous year to £51m.

Mr Floyd said the sale of Van Gogh's "Sunflowers" for £24.75m, established a world record price for a work of art, in recognition of which every member of the staff received a special bonus of £500.

Although London and New York led the way in profitability, there has ben a good all round showing and the two newest auction centres in Monaco and Hong Kong have performed encouragingly.

The outstanding success of the New York saleroom, which opened ten years ago, has put considerable pressure on space. To meet the demand the purchase of another floor in Delmonico Plaza has just been completed for $4.7m. This development is being paid for from internal funds.

Mr Floyd concluded that although the second six months will almost certainly not see the same level of sales as in the first half of the year, the art market remains in a very healthy state. New York, in particular, has a number of important sales scheduled for the autumn season. He looked forward to a more than satisfactory outcome for the year as a whole.

Auction and print costs of £21.12m (£15.23m) and administrative expenses of £12.21m (£10.59m) left operating profits at £17.61m (£7.17m). Interest receivable less payable amounted to £727,000 (£57,000) and other items to a debit of £20,000 (credit £7,000).

The interim dividend goes up from 1.5p to 3p per 10p share; last year's total was 7.5p.

*Comment

Everything went right for Christies in the first half of 1987. Profits would have been substantially higher even without the (unspecified) contribution from the two Van Goghs. And with a good part of the increase arising in the UK, a lower tax rate means that earnings per share have all but trebled. Although the second half is unlikely to match the first, the short-term outlook is healthy. Further ahead, the group hopes to exploit its vastly strengthened balance sheet by developing markets overseas. One possibility is that the move towards an open market in services within the EC will permit Christies to make an impact in France. Christies is pleased by the prospect of a listing this autumn for its main rival, Sotheby's, on the view that this will tend to make the company more interested in profit than in volume. It will also focus attention on Christies' own share price, which after yesterday's price increase, capitalises the business at close to £300m.

M L Holdings £7.6m purchase

BY STEVEN BUTLER

M.L. Holdings is expanding its range of defense-related products with the £7.6m acquisition of Wallop Holding, which designs and manufacturers pyrotechnics, decoy systems, and other specialist military equipment, including protective clothing.

M.L. will issue to the vendors, who are the joint chairman and sole directors of Wallops, 4.22m new ordinary shares, which are to be placed at 180p per share, subject to 10 for 77 offer to shareholders. M.L. shares yesterday closed up 10p at 210p.

Wallop reported pre-tax profits of £0.7m in the year to the end of March 1987, on turnover of £8.4m.

M.L. said the acquisition would allow the enlarged group to achieve a stronger position in the aviation, naval and other defence markets in the UK and overseas. Wallop's management would remain intact with the exception of the resigning joint chairmen.

Maxwell plans to bid for GPG 'lock, stock and barrel'

BY DAVID LASCELLES, BANKING EDITOR

MR ROBERT Maxwell, publisher of Mirror Group Newspapers, raised the stakes in the bidding for Guinness Peat Group by yesterday saying that he intended to bid for the entire company, "lock, stock and barrel". A takeover offer is already underway from Equiticorp, the New Zealand company which has 39 per cent.

With his most recent disclosure on Monday, Mr Maxwell said that he owned 10.3 per cent of the financial services group. However, in a TV interview yesterday he said that he had bought more shares since then, though he did not say how many. In previous comments, Mr Maxwell had not stated his intentions so specifically, though he has unsuccessfully approached Equiticorp about buying their stake.

Although Equiticorp has refused to sell to Mr Maxwell, it says it would be happy to have him as a minority shareholder. Equiticorp believes it already has control of Guinness Peat insofar as another bidder would have difficulty building up a comparable stake. The balance of the shares is in the hands of Lord Kissin, the company's founder, who has said that he will not sell for six months, and of members of Guinness Peat's board.

Mr Maxwell said on TV that he would only mount a bid with the agreement of Guinness Peat's board. Lazards, which is advising Guinness Peat, said that the board would have a duty to consider any serious offer, but no proposition had been received from Mr Maxwell.

Guinness Peat shares closed at 121p, last night, unchanged on the day. Turnover was 2.2m shares. Equiticorp is offering 115p per share.

Meanwhile Lord Young, the Trade Secretary, yesterday said that he would not be referring Equiticorp's purchase of Guinness Peat shares to the Monopolies and Mergers Commission. The Department of Trade and Industry said that Lord Young had made his decision in accordance with the recommendation of Dr Gordon Borrie, the Director General of Fair Trading.

Guinness Peat, which is resisting Equiticorp's bid, has complained to the Takeover Panel about computations made by Equiticorp in the revised offer document sent out to shareholders at the weekend. These related to Guinness Peat's profit forecast for the year ending September 30.

Guinness Peat says it will be writing to shareholders and is advising them to take no action in the meantime.

Close Brothers rises 36%

BY STEVEN BUTLER

Close Brothers, the merchant banking group, has continued its steady rise in earnings, yesterday reporting a 36 per cent increase in pre-tax profits to £3.41m, in the year to the end of July. Earnings per share rose 38 per cent to 8.54p.

In addition, investments held by Safeguard, the development capital subsidiary, showed pre-tax realised and unrealised capital gains of £6.03m, compared with £4.79m last year.

This would amount to a total return on capital of 30.8 per cent, or £9.44m at the pre-tax level.

Profits from merchant banking services grew from £1.47m to £2.51m, and group loans and advances increased from £21.8m to £39.2m. Corporate finance income, which tends to be time rather than transaction related, also increased.

The group aims at capital appreciation in its unquoted portfolio, and net investment income fell from £1m to £900,000. Development capital funds committed by the group increased from £23m to £27m, and £14m of this was fully invested.

The full year dividend came to 4.4p, a 10 per cent increase.

Hawley Group looks for expansion in Europe

BY HAIG SIMONIAN IN FRANKFURT

Hawley Group, the international services company whose shares were listed on the Frankfurt stock exchange yesterday, has started to look for acquisitions in continental Europe, according to Mr Michael Ashcroft, chairman.

"We have identified a few countries in Europe which look interesting to us", said Mr Ashcroft. The group, which has so far concentrated its growth in Britain, the US, Australia and New Zealand, has not identified any specific European targets as yet, but hopes to make its first small West German acquistion towards the end of next year.

Mr Ashcroft would not be drawn as to what area of European business Hawley was interested in, though he confirmed expansion was likely to come in either security services, hospital housekeeping or auction services, its three key activities.

The company should soon be gaining a toehold in continental Europe through its acquisition of ADT, the US supplier and operator of alarm systems, which has its European headquarters in Brussels.

However, Hawley had tended to expand through acquisition, at least as a first step, rather than organic growth, Mr Ashcroft said, and he expected that would be its model in continental Europe too.

DIVIDENDS ANNOUNCED

	Current payment	Payment date	Corresponding div	Total for year	Total last year
Kwik-Fit ......int	1.25	Nov 30	1*	-	2.2*
Filofax ......int	0.75	-	nil	-	nil
Ratners Group ......int	1.25	-	1	-	4
Minet Holdings ......int	3.8	Nov 30	3.43	-	9.43
Yule Catto ......int	5	-	3	-	8.5
Close Bros	2.9	-	2.6*	4.4*	4*
Bryant Holdings ...int	2	Nov 19	1.25*	2.75*	1.85*
Strong & Fisher	7	Nov 20	6	10.5	9
Watmoughs ......int	2	Nov 2	1.7*	-	6.5*
Bemrose Corpn ......int	3.5	Nov 11	3	-	9
Folkes Group ......int	0.35	Nov 13	0.35	-	1.4
Atlantic Cmptrs ......int	1.5	-	1.12	-	4.65
CI ......int	0.53	Jan 5	0.43	-	1.06
British Syphon ......int	1.84†	Nov 5	1.67	-	4
Dean & Bowes ‡ ......int	1.5	Oct 8	1	-	3
Clayform ......int	2.8	Dec 2	2.5	-	7.5
Citygrove ‡ ......int	1.5	Nov 4	1+	-	1.5
Oriflame Intl ......int	3	Nov 26	2.75	-	7.38
Christies Intl ......int	3	Nov 11	1.5	-	7.5
William Jacks ......int	0.8	Nov 20	0.6	-	1.35

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ØThird market. +Notional comparison for recent placing.

Less than 1% accept FKI's call

By Nikki Tait

FKI, the highly-acquisitive electricals group which last month completed its agreed £416m takeover of the much larger, Babcock International, has joined the list of companies whose cash calls have flopped this summer.

The company announced yesterday that its £97.7m one-for-three rights issue - designed to reduce all the combined group's borrowings - has been taken up in respect of just 442,910 shares or 0.8 per cent of the new equity. Instead, the underwriting institutions will now pick up the shares.

The result had been widely expected given the weakness in the FKI's share price following news of the agreed deal. It stood at 203p ahead of that announcement on July 21, and the rights issue shares were priced at a 10 per cent discount.

Since then, however, the market has dipped by three per cent and FKI has underperformed that by a further 14 per cent. Last night the shares closed 2p lower at 168p.

FKI is the latest in a line of acquisitive companies suffering partly for the market's summer shakeout and partly from their own ambitions. The first cash call to flop was WPP's rights issue, but Thorn-EMI and Trafalgar House subsequently saw minimal clawbacks on large share placings.

The remaining shadow hangs over Blue Arrow, whose £837m rights issue - London's largest-ever - to fund its Manpower bid is being made at 166p a share and closes next Monday. Last night the shares were trading at 164p.

UK COMPANY NEWS

Berkley in Marler takeover deal

BY PHILIP COGGAN

FULHAM Football Club is set to have a new landlord. Marler Estates, the property company which incurred the wrath of football lovers everywhere when it sought, earlier this year, to merge the club with Queen's Park Rangers, is itself being taken over.

Berkley House, a private housebuilder and property developer which recently acquired the Thames House site from ICI, is planning a reverse takeover of Marler. It already has, along with Mr David Thompson, the co-founder of Hillsdown Holdings, a beneficial interest of 28 per cent.

The deal will mean the parting of the ways for Marler and Mr David Bulstrode, its chairman, who became a figure of hate for Fulham supporters at the end of last season. None of the Marler directors will stay on, Berkley said yesterday. Mr Bulstrode, however, is expected to continue in his role as chairman of QPR.

Berkley has been built up by two brothers, Mr Keith and Mr Graham Meehan, since its foundation in 1976. No details of the company's current value are being revealed, but Caledonia Investments recently bought an 11 per cent stake in the group for £13.75m , suggesting a total value of about £125m. Marler Estates was capitalised at £93.5m, at the £12.50 price at which the shares were suspended yesterday.

Mr Keith Meehan said that Berkley had been intending to join the stock market in any case but after acquiring and developing several properties, in conjunction with Marler, the group had opted for the current deal.

He gave no clues as to his intentions towards either Fulham or Chelsea's football grounds - Marler owns the freehold on each and had hoped to develop them when the club's leases ran out. "We will meet all the interested parties before taking a view," Mr Meehan said yesterday.

Full details of the deal are not expected for some weeks.

Maxwell buys 10m Storehouse shares

BY NIKKI TAIT

THE "phoney war" over Storehouse -the retailing chain headed by Sir Terence Conran - took a new twist yesterday as publisher, Mr Robert Maxwell, revealed that he purchased 10m shares on Monday at at 383p.

The £38m investment gives Mr Maxwell a 2.3 per cent interest in Storehouse. The shares have been bought by Bishopsgate Investment Trust - which earlier this week disclosed a 5.1 per cent interest in hotel group, Norfolk Capital - and which is part of Mr Maxwell's private investment vehicle, Pergamon Holdings.

Yesterday, the Maxwell camp refused to elaborate on its reasons for purchasing the shares, beyond saying that the purchases represented "an investment only".

On Monday, Storehouse rejected an attempt by Mountleigh, the aggressive property company, to secure a recommended £1.7bn takeover deal and - as the price rose sharply - some 38m shares were traded.

Last night, Mr Tony Clegg, Mountleigh's chairman and chief executive, said that he had not spoken to Mr Maxwell, and viewed him as an arbitrageur. As to Mountleigh's own future intentions, Mr Clegg added that of the three possiblities - to talk again, make a hostile bid or drop the whole idea - he was currently considering the first two, rather than the third.

Mr Clegg added that he hoped to make an announcement or an approach within the next few days. Mountleigh's own share purchases on Monday were relatively modest; according to Takeover Panel notifications, it picked up some 600,000 shares, taking its stake to just under 1 per cent.

Sir Terence also said that he had not had any contact with Mr Maxwell. He expressed some surprise at the publisher's sudden appearance: "Storehouse doesn't really seem to relate to his ambition to become a world communications company," he remarked. "Still, I suppose he likes anything that moves."

Costain to expand with $49m bond issue

BY NIKKI TAIT

Costain, the construction, property and mining group, is to raise $48.7m, net of expenses, via a bond and warrant issue to boost its expansion into mining and natural resources.

News of the fund-raising comes just one week after Trafalgar House - the shipping, property and building combine - was revealed as a 4.94 per cent shareholder in Costain. Costain shares have been the subject of much bid speculation during the summer and since the disclosure of Trafalgar's interest, the price has gained 37p to 387p.

Yesterday, however, Costain stressed that the fund-raising had been "under discussion for a long time" and was unrelated to the Trafalgar developments.

The company says that the money will be used for general corporate purposes, but is specifically earmarked for further expansion into precious metals and minerals through Westmont Mining in the US and its latest acquisition, Valero Producing Company. The £20m Valero deal, Costain's first move into oil and gas exploration, was announced earlier this month and together with its mining investments represents an attempt by Costain to diversify and replace earnings from the overseas contracting side. Yesterday, the company said that it was looking at a number of possible deals on these fronts.

The 4.17m depositary warrants involved in the issue could involve an expansion of the company's equity by 2.5 per cent - the maximum permitted on non-preemptive issues, according to institutional guidelines. Yesterday, the company that it would have liked to raise more in this form had the guidelines not prevented it.

Heath in £4.2m Garlands deal

BY NICK BUNKER

C.E. Heath, the insurance broker, has clinched a deal to buy Garlands Holdings, which owns 100 per cent of Martens Horner, a London-based Lloyd's marine insurance broker.

Heath revealed in early July that it was in talks with Garland, which via Martens Horner is strong in marine hull and liability insurance business. Heath has been keen to expand its marine broking capabilities by acquisition, partly to replace staff lost when it suffered a mass defection to Citicorp Insurance Brokers last December.

Heath is to pay £4.2m to buy 88 per cent of Garlands, made up of £2.95m in cash, with the remainder accounted for by an issue of 250,000 new Heath shares.

In addition, Heath said it "may be required" to buy the other 12 per cent of Garland at intervals up to 1996, for a sum that would be based on the Martens Horner's performance but would not be less than £2.2m. Garland had pre-tax profits of £353,000 for the year to September 30, 1986, and net assets of £440,000.

Paul Michael

Mr Leonard Lee and Mr Richard Nate, executive directors of Cleves Investments, have resigned from the board of Paul Michael Leisurewear, the textiles group. However, Cleves will remain as financial adviser to Paul Michael.

The move represents the end of the reconstruction of Paul Michael in which Cleves bought a 55 per cent stake last year. following a series of acquisitions, the group has moved from loss into profit and its recent rights issue was 97 per cent taken up by investors.

Oldham backs MEPC offer

BY CLAY HARRIS

Oldham Estate, the property company built up by Mr Harry Hyams, yesterday reluctantly recommended the £516.4m takeover bid from MEPC, despite its "great disappointment" about the value of the offer.

The Oldham board said that shareholders' best interests would not be served by retaining a minority holding in an unlisted company. By accepting the MEPC offer, they would "achieve marketability for their investment, but at a price."

Mr Hyams said he would accept the offer on behalf of all his beneficial shareholding except a small proportion. Under the terms of its offer, MEPC will not be able to acquire the minority compulsorily after September 29.

The offer is worth 153.7p per Oldham share, against Oldham's auditors' estimate of net asset value of 194.5p per share. MEPC's formula is based on a net asset value of 117p.

Mr Hyams said that Oldham - most famous for developing Centre Point in London - was being sold at a price representing a substantial discount to its true value. In February, the Cooperative Insurance Society accepted the MEPC formula on behalf of its 68.2 per cent stake.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisons shown below are based mainly on last year's timetables.

TODAY

Interims- BETEC, Bank of Scotland, Beauford, Boase Massimi Pollitt, Cakebread Robey, Capital and Regional Properties, Hampden Homecare, Juliana's, Kwahu, New England Properties, Polypipe, Stag Furniture, Thersis, Tibbett and Britten, Tilbury.

Finals- Atwoods, S.Casket, GC Flooring and Furnishing, Michael Peters.

FUTURE DATES

Interims-	
Centreway Industries	Sept 29
Centreway Trust	Sept 29
Cowells	Oct 1
Dencora	Sept 29
Hunter	Sept 29
London and Metropolitan	Sept 24
Meyer International	Nov 17
Oil Field Inspection Services	Sept 25
Parrish	Oct 1
Renwick	Sept 25
Sintrom	Sept 30
Tootal	Sept 28
World of Leather †	Sept 28
Finals-	
AC Holdings	Oct 5
Amstrad	Sept 29
Castle Communications	Sept 29
Chrysalis	Nov 20
Galliford	Oct 1
Honeysuckle	Sept 28
Kleinwort Development Fund	Sept 24
Lawtex	Oct 1
Peachey Property	Sept 28

†Amended

Record Holdings

Record Holdings, a Sheffield-based hand tools manufacturer currently traded on the over-the-counter market, is planning a Stock Exchange listing.

The company announced its plans yesterday along with a 34 per cent jump in pre-tax profits to £1.2m (£888,000) for the first six months of 1987.

Finlan acceptances

Finlan Group said yesterday that it had received irrevocable acceptances from shareholders with 12.5 per cent of the share capital of Baltic Saw Mills, a private company with numerous shareholders for which Finlan has made a £2.5m bid. The offer is open until 3pm on Friday this week.

Markheath stake

Markheath Securities, the UK quoted vehicle for the Australian-based Adelaide Steamship, yesterday increased its stake in Coates Brothers ordinary voting shares to 18.35 per cent. Markheath was last reported holding 26 per cent of the non-voting "A" shares.

Clyde Petroleum returns to profit

BY LUCY KELLAWAY

Clyde Petroleum, an independent oil company, yesterday announced a return to profit with net income of £1.3m in the first half of 1987 compared with a loss of £1.8m in the first six months of last year.

The company said that the improvement, which was due to a recovery in oil prices and to lower costs, was achieved despite a sharp fall in output from Ecuador, resulting from damage to its oil pipeline cased by the earthquake in March. The damage had been repaired and group production was now running at 13,500 barrels a day, compared with 9,444 in the first half, the company said. It indicated that barring a major upset, the dividend would be restored next year.

During the period the company spent £22.7m on a series of deals, including the purchase of 21.7 per cent of fellow oil independent Goal Petroleum. The deals were mainly financed through the issue of new shares and from internally-generated funds. After accounting for the £7.1m spent since June on taking up Clyde's share of Goal's rights issue, borrowing stood at 15 per cent of shareholders funds.

In the first half, Clyde made several disposals which resulted in a gain of £0.9m, which was included in the taxable profit.

So far this year the company has made a major oil discovery in 9/18b which it said yesterday "will have a very significant impact for the Clyde shareholder". It said that during the second half of the year exploration activity would rise, with a total of nine wells due to be drilled.

In the first half, turnover rose from £8.4m to £16.3m and operating profit rose to £2.3m from a loss in the first half of last year of £1.1m. The tax charge for the period was £523,000 compared with £1.8m. Earnings per shares were 0.9p, against a loss of 1.6p.

*comment

After years of growth through striking deals rather than hydrocarbons, Clyde Petroleum is at last behaving like a real oil exploration company. The main influence on its share price is the Kerr McGee oil discovery on block 9/18b, in which Clyde has a 10 per cent stake - a discovery which has made shareholders' lives more complicated (as well as richer) as the new field could be worth anything between 8p and 60p a share, depending on which stockbroker they choose to believe. Meanwhile Clyde has fallen several places down the list of likely oil takeover targets, following the disposal of the TMOC stake - and the company evidently wants to keep it that way judging by its enthusiasm to restore the dividend at the earliest possible opportunity. Its results are strong enough to justify such a course of action, with a better second half in prospect due to higher oil prices and higher production. However a penny or two on dividend and ditto on extra earnings will do little to support the share price in the - admittedly unlikely - event that the wells drilled on 9/18 prove disappointing.

Oriflame falls by 25%

BY DINA MEDLAND

Oriflame International, the Scandinavian-based but London-listed direct selling cosmetics company, yesterday reported a 24.8 per cent fall in pre-tax profits to £2.44m in the six months to June 30 1987.

The £42m acquisition of the British retail jeweller Goldsmiths Group at the start of the year - completed with effect from March 1 - resulted in an interest charge of £1.35m compared with income of £1.01m last year.

Oriflame subsequently sold off Goldsmiths' hotel division on August 1 for about £35m. This resulted in an extraordinary gain of £10.4m

Sales increased by 64.1 per cent to £42m, reflecting in part the inclusion of Goldsmiths for four months. Excluding the acquisition, sales showed a 19.2 per cent rise.

Oriflame is currently in negotiations to buy an additional jewellery chain in Sweden which will raise its share of the Swedish market to 30 per cent.

Contribution from associated companies recovered to £223,000 (£40,000 loss), primarily because of a continued strong performance in Thailand.

Earnings per share declined to 4.6p (6.6p). The interim dividend is 3.0p (2.8p).

Alba placing gives price tag of £45.5m

By Fiona Thompson

Alba, the consumer electronics company, is joining the main market via a placing valuing the company at £45.5m.

The company supplies a wide range of audio, television and video products both under its own brand names - Alba and Harvard - and under customers' own labels.

After three years of losses, the company returned to the black in 1986, reporting pre-tax profits of £1.53m on sales of £20.87m for the year to June 30. In 1987, profits rose to £3.67m on turnover of £32.16m.

Alba's aim is to become the number one budget-priced audio company in Europe.

Alexanders Laing and Cruickshank is placing 4.65m new ordinary shares at 130p each to raise £5.7m additional working capital, and 4.6m ordinary shares at 130p each for existing shareholders. The shares are on an actual tax historic p/e of 16.54 at the placing price. The tax rate last year was 35 per cent.

Dealings are expected to start on Thursday, October 1.

Acquisitions boost CI

CI Group, the industrial holding company, increased pre-tax profits by 59 per cent from £686,000 to £1.09m on turnover up from £17.4m to £17.68m for the six months ending 31 July 1987.

Tax came to £263,000 (£228,000). Comparison figures are restated following the acquisition of Clews Bros and J & F Pool (Holdings).

The board is confident that the improved trading levels seen in the first half are continuing. Broadened by the acquisition of Bipel, the group growth now has a strong base

The growth in earnings per share - 1p to 1.8p - will be an important factor in this expansion and it is intended that this will be reflected in a progressive dividend policy - the interim is 0.53p up from 0.43p.

Yule Catto has 31% rise but chemicals fail to keep pace

BY CLAY HARRIS

Yule Catto, the speciality chemicals, building products and plantations group, yesterday reported a 31 per cent advance in interim pre-tax profits to £6.47m. The increase from £4.94m in the first six months of 1986 was achieved on turnover nearly 18 per cent higher at £68m (£57.8m).

The group increased profits from all three divisions but the smallest percentage rise was in the largest section - chemicals - which lifted its contribution (after tax and minority interests) by 15 per cent to £2.46m (£2.13m).

Acquisitions fueled a 98 per cent rise to £918,000 (£463,000) in the profits from building products, and strengthening palm oil and rubber prices raised the plantations contribution by 83 per cent to £194,000 (£106,000).

Yule said that rising feedstock prices had put pressure on chemicals margins, but it expected this to be short term. The group will get a full six months' contribution from Reabrook Holdings, the cleaning chemicals and aerosol company which it took over in July in a deal worth £20m.

Mr Alex Walker, chief executive, said that Yule is poised to make three acquisitions, one to extend Reabrook's range, one for Prodorite (another chemicals subsidiary) and a larger one to add to Bik Bouwprodukten, its Dutch building products company.

Bik, a fabricator of large-scale rooflights and plastic domes, boosted the building products division, where Yule expects further growth in sales and profits in the second half.

The costs of Yule's unsuccessful bid for Barrow Hepburn, the chemicals group for which BTP emerged as a "white knight", were offset by the £250,000 profit on the sale of its 4.2 per cent stake. Similarly, all but £160,000 of the exceptional profit on the sale of Yule's stake in W Canning, another chemicals company, was offset by a writedown relating to a Malaysian housing development.

The Malaysian partner's share of the writedown helped to reduce minority interests to £76,000 (£415,000).

Earnings per share rose to 18.7p, or 17.5p excluding the exceptional item, against 13p last year. The interim dividend rises to 5p (3p) with a forecast final of 9p (5.5p), both in line with statements made during the bid for Reabrook.

Yule plans a three-for-one scrip issue on October 16, after the interim is paid.

*comment

The figures were right on or just under most City forecasts, although there was some mild disappointment about the results from chemicals, the sector responsible for Yule's rerating once the Barrow bid focused attention on a company whose image was still becalmed east of Eden and north of Malacca. Yule is shedding few tears over the failure to win Barrow. Reabrook is destined to blaze the trail closer to consumer products and did not need a huge investment in central management's time. Full-year estimates range up to £15m pre-tax for a prospective p/e of about 16, on a price which fairly reflects the medium-term outlook (although the scrip should provide a psychological fillip).

Lilleshall to acquire Serco Ryan for £3m

BY DAVID WALLER

Lilleshall, the "shell" company with interests in steel stockholding, property and the distribution of fasteners, yesterday began its process of transformation with the announcement of an acquisition and a rights issue.

The company is buying Serco Ryan, a leading distributor of stainless steel fasteners, for a maximum of £3.04m in shares and cash to be raised from a vendor placing.

The acquisition will approximately double Lilleshall's pre-tax profits and turnover. Serco Ryan, a private company formed in 1982 as a result of a management buyout from Alcan, made adjusted pre-tax profits of £372,000 last year, on £6.3m. Lilleshall made £367,000 in taxable profits last year, on turnover of £6.8m.

Together with the rights issue - which will raise a further £1.88m for the company - Lilleshall's share capital is set to expand by over a half, giving the company a market capitalisation of approximately £17m.

This compares to £3m in early January this year when Mr John Leek - head of the smaller companies unit at Hill Samuel, the beleaguered merchant bank - took a 6.8 per cent stake and became chairman.

"This is our first significant acquisition," Mr Leek said yesterday. "We do intend to develop the group into an industrial holdings company

Mr Leek, who is leaving Hill Samuel at the end of the month to become Lilleshall's executive chairman, said that the company would pay a dividend of no less than 3p for the year, against 2.25 paid in 1986.

PALMERSTON Investment Trust: The directors are proposing a nine-for-one scrip issue and intend to expand and develop the company's activities in property investment and development.

Security Archives to join USM

BY PHILIP COGGAN

Security Archives (Holdings), business data storage and retrieval company, is joining the Unlisted Securities Market in only the third offer-for-sale seen on the second tier this year.

Baclays de Zoete Wedd is offering 1.77m shares, 28.2 per cent of the equity, at 130p each, to raise a total of £2.3m, well below the £5m limit set for USM placings.

Mr Clive Richards, the group's executive chairman, said that the company had chosen the more expensive offer-for-sale route because it would bring publicity that might attract corporate clients. "It was a commercial rather than a financial decision" he said.

SAH stores business records, film, video and computer tapes for more than 900 customers and operates from three warehouses and three converted World War Two underground shelters in London.

Pre-tax profits have grown from £36,000 in the year to March 31, 1983 to £453,000 in the last financial year. The company is forecasting profits of £655,000 for the year ending March 31, 1988.

The group was founded in 1976 and control was acquired by Mr Richards in 1980. Mr Richards was also chairman, until recently, of Micro Business Systems, the computer dealer, which was a stock market favourite until it slumped into losses two years ago. He remains a non-executive director at the group, now renamed MBS, which is in the process of recovery.

The prospective p/e at the placing price is 16 and the notional gross dividend yield is 4.2 per cent.

*comment

Business records storage is a sector arousing a lot of interest at the moment - witness Britannia Security's various acquisitions in the UK and US. Its advantage is the quality of earnings - around 90 per cent of SAH's income comes from rental agreements and the longer clients stay, the more records they store and the more income SAH receives. Also inertia means that clients have to be extremely dissatisfied before they submit to the hassle of shifting their records. Add in the fact that high office rents means it makes economic sense for clients to store as much as possible outside and SAH's solid growth record is unsurprising. Although the price does not give much away, this is a rather more solid new issue than most and with the yield standing at 4.2 per cent, more than a few investors might be tempted to tuck a few shares away. Not a Sock Shop, but possibly a stocking-filler.

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The aim of the Growth and Speculative Trusts is to achieve substantial capital growth and all net income is automatically re-invested. Investors in these trusts will receive a tax deduction certificate and a report from the Managers in August (Growth) and May (Speculative) each year.

Reflecting their objectives of capital growth, the estimated gross initial income yields on the Growth and Speculative Trusts are relatively low; they are 0.64% p.a. and 0.43% p.a. respectively.

WHAT IS THE TAX POSITION? Basic rate tax (currently 27%) is deducted only from income payments, whether withdrawn or re-invested. If you pay basic rate tax, there is no further tax on income (just like a building society). If you pay higher rate tax, you will be required to pay some more tax at the end of the year.

However, unlike building society investments, non-taxpayers can reclaim income tax which has already been deducted.

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Do you currently hold any Unit Trusts? Yes ☐ No ☐ Shares? Yes ☐ No ☐

I/We wish to invest (minimum £250 per trust) and enclose my/our cheque for the total made payable to Royal Life Fund Management Limited.

£	in the Royal International Cautionary Trust
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£	Total Investment

I declare that I am over 18 years of age and I am not a US national or a resident of Eire.

Signature(s) (All applicants must sign) Date — Signature(s) (All applicants must sign) Date

________ /Sept 1987 ________ /Sept 1987

Name of Financial Adviser (If any) ________

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FTB

UK COMPANY NEWS

Ratners in £29m US deal and back in the black

BY PHILIP COGGAN

Ratners, the fast-expanding jewellery company, is making *another acquisition in the US* following July's purchase of the Sterling group.

It is buying for \$48.5m(£29.4m) Westhall which, like Sterling, is based in Ohio. Westhall currently operates 71 stores in the east and midwest of the US, but plans to add a further 11 stores by November. In the year to February 28, Westhall made pre-tax profits of \$4.5m on sales of \$46.8m.

The acquisition announcement accompanied news of the group's interim figures which showed a swing round into pre-tax profits of £2.65m in the half to August 1 against a loss last year of £2.95m. The financial year has been changed and the previous figures have been adjusted both to reflect that alteration and the acquisition of H Samuel.

Jewellery shops have traditionally shown a strong second half bias, as consumers make the vast bulk of their purchases around Christmas. However, Mr *Gerald Ratner, the group's* chairman and managing director, said that he was extremely encouraged by the first half performance with turnover up 53 per cent in the H Samuel shops and 43 per cent at Ratners.

The past few months have been particularly eventful for Ratners. It failed in a £300m plus bid for Combined English Stores, which would have brought it the Zales, Collingwood and Weir chains, when it was outbid by Next. Then it made two rights issues, a one-for-four raising £82m for its expansion plans and a three-for-ten £122m issue to fund the purchase of Sterling and Ernest Jones, Britain's fifth largest jewellery chain. Neither Sterling nor Ernest Jones contributed to the half-year figures.

Early this month, five members of the Weinstein family resigned from Ernest Jones after disagreements with Mr Ratner. He was unrepentant yesterday, saying that the Weinstein's *would not receive any compensation.*

The group is now the second biggest jewellery retailer in the world, with 930 shops expected to be operating by mid-November, of which 213 will be in the US. Mr Ratner believes that the group will achieve its target of 1,000 UK stores by 1990 but that the prospects for expansion in the US will keep it busy until the next century.

Operating profits were £5.35m(£1.62m loss) on turnover of £95.1m(£64.6m) but there was an increased interest charge of £2.7m(£1.33m). There was an extraordinary item of £1.5m associated with the CES bid, which was offset by £472,000 of property profits. The increased preference dividend meant that fully diluted earnings per share were 19 per cent down at 1.54p(1.91p).

The interim dividend is being set at 1.25p(1p).

See Lex

Strong & Fisher on target with £6m

By Nikki Tait

Strong & Fisher, the fashion leathers group which last month acquired the Union International's leather interests, yesterday pleased the City with profits of £6.06m before tax in the year to June 26, a 36 per cent advance.

The company had forecast not less than £6m at the time of the Union deal, but the shares still gained 13p to 314p.

Strong said sales on the leather side were 28 per cent higher at £42.4m, while other turnover rose 15 per cent to £28.2m - £70.6m in total.

Of the leather sales increase, extra volume - helped by the new capacity which came in from the Silvester Litton acquisition during the year - accounted for two-thirds of the rise, and higher prices for the remaining increase.

However, Strong added that raw material prices had also risen over the period, and pointed out that the profit increase was scored against adverse exchange rate movements.

Both Litton, which came in from mid-February, and W.D. Marks - from end-March - made relatively little impact on the figures, according to Strong. Their operations - loss-making ahead of the Strong acquisition - have been "radically integrated" and the company said it was difficult to break out the specific contribution.

The tax charge of £1.9m rose slightly to 31 per cent, and £65,000 was written off below the line - comprising a £200,000 profit (after bid costs) on the Garnar Booth stake offset by the £265,000 cost of closing a small interest in the Middle East division.

Earnings per share were up from 21.7p to 28.3p. A final dividend of 7p raises the total by 1.5p to 10.5p.

The company said that the current year had started well, with an "excellent" Paris Leather Fair. The Union interests - which will substanially expand Strong's capacity and supply of skins - will come in for about 10-months this time.

Kwik-Fit surges to £8m: market share up again

A 51 per cent increase from £5.35m to £8.03m in pre-tax profits for the half year to August 31 was announced yesterday by **Kwik-Fit Holdings**, the automotive spares specialist.

The improvement reflects a good increase in margins; operating profit to turnover, excluding £2.4m turnover relating to discontinued operations, they were up from 10.9 per cent to 13.2 per cent with turnover having risen from £51.66m to £62.92m and the operating profit from £5.65m to £8.29m.

Mr Tom Farmer, chairman and chief executive, said new products and services which complement the company's existing activities were being researched and introduced into selected centres. He added that Kwik-Fit had entered the next six months of its financial year with confidence.

The company had continued to improve its market share both in the UK and Holland with increased sales of main products— tyres, exhausts, batteries and shock absorbers.

Kwik-Fit Fleet, the operating division established in January this year, had already succeeded in capturing a significant share of the tyre and exhaust replacement business within the fleet sector. As at August 31 the group was trading from 359 specialist automotive repair outlets, and a further 25 new sites were currently under development.

Investment income for the half year amounted to £216,000 (£545,000) and interest debitted was £471,000 (£846,000).

Tax accounted for £2.9m (£1.54m) leaving attributable profits of £5.14m (£3.81m) for net earnings of 6.06p (4.5p). There were no extraordinary items this time (debit of £32,000).

The interim dividend is increased from an *adjusted* 1p to 1.25p.

*Comment

You can't get better than a Kwik-Fit figure, if yesterday's are anything to go by. The numbers were most impressive and they look like continuing that way for some time to come. Tom Farmer is on to a winning formula. Granted, he has spent some time refining it, but it has come very good in the last 18 months to two years. Throughput at Kwik-Fit is 3m cars a year, it has 22 per cent of the UK exhaust market and 12 per cent of tyres. The 350 outlets should rise to just under 400 by financial year-end. The long term plan is for 700 by 1991, some indication of the huge growth potential in the £7bn-per-annum UK car repair business. Own label sales are gaining ground and the company is strengthening added-value areas like brakes and steering. It is a well managed company, staff training is impressive, marketing is excellent and financial controls are strict. A bit of profit-taking saw the shares close 10p down yesterday at 220p. Assuming pre-tax profits for the full year of £16m, that puts them on a prospective p/e of about 19, reasonably fair due to strong potential.

Clayform progresses to £3.5m

Clayform Properties, property dealer and developer, reported pre-tax profits of £3.48m for the six months to June 30 1987, compared with losses of £354,000 in the corresponding period last year, and profits of £3.15m in the year to December 31 1986.

Mr David Hyman, the chairman, said the company's development programme had progressed substantially. In addition to the current programme, plans have been announced to redevelop jointly with the Rover Group its site at Bathgate in Scotland. This is currently subject to a planning appeal.

The proposed development would result in a fully enclosed shopping and leisure centre of 1.5m sq ft with an estimated completion value of some £150m.

Mr Hyman said he expected the completion, later this month, of the sale of 11 investment properties by way of tender. Together with two other properties, total sale proceeds will amount to £19m above the December valuation.

Turnover in the opening half rose from £17.92m to £41.63m. The interim dividend is raised from 2.5p to 2.8p net, and earnings per 5p share were 6.3p (2.3p losses).

Wm Jacks up to £405,000

INCLUDING a full six months of the car rental business acquired on May 31 1986 and Minden, acquired on August 1, pre-tax profits of **William Jacks**, overseas trader and vehicle distributor and retailer, advanced 76 per cent from £230,000 to £405,000 in the six months ended July 31.

Earnings per 25p share were 2.72p(1.7p) and the interim dividend goes up from 0.6p to 0.8p.

Mr Leong Yoke Faie, chairman, said that the group benefited from both improved margins on new car sales and an increase in units of used-car sales. He anticipated that demand would remain buoyant for the rest of the year. Assuming an adequate supply of vehicles the improvement in financial performance was expected to continue.

Turnover in the period rose 26 per cent to £22.25m(£17.62m) and operating profits were £637,000(£387,000). Interest payable was £232,000(£157,000). Tax charged was £110,000(£45,000) and there was an extraordinary item of £54,000(nil) relating to profit on the disposal of the Zambian subsidiary.

LEVER INDUSTRIAL: Agreement has been reached for company, a subsidiary of Unilever, to acquire the Sterling Industrial business from Sterling-Winthrop Group for an undisclosed sum.

Edington encouraged with £0.26m

Edington, a small bank established last year to provide commercial and corporate finance services to companies mainly in the north of England, made a pre-tax profit of £259,000 in its first year ending June 30.

The retained profit after tax and an extraordinary item was £184,000. Earnings per share were 9.6p.

Mr Angus Scrimgeour, chief executive, said he was encouraged by progress made in the first 12 months trading, and foresaw more positive developments this year.

NOBO GROUP: Chairman told annual meeting that invoiced sales for first four months of current year were 34 per cent ahead of corresponding period last year. Also agreement reached to acquire 3.2 acre site adjacent to Eastbourne premises for £1.1m.

Folkes overcomes flat trading and lifts profits

ALTHOUGH general trading conditions, particularly in the engineering and steel sectors, remained flat in the early part of the year, **Folkes Group** increased its pre-tax profit from £775,000 to £820,000 in the six months ended June 30 1987.

Mr Constantine J Folkes, chairman, said that demand has now generally improved. In contrast to the other sectors, trading activities of the property division and furniture subsidiary Evertidy (Kitchen Cabinets) have been and continue to be buoyant.

In accordance with the policy of restructuring the group by selective divestment, the builders merchants business and country store had been sold. The company was also well advanced in terminating the retail and mail order bedroom furniture manufacturing facility at the Walsall factory.

Turnoverin the period was lower at £26.2m (£28.35m); tax took £57,000 (£63,000) and minorities £13,000 (nil). Stated earnings per share were 1.79p (1.64p).

The interim dividend was maintained at 0.35p.

UK COMPANY NEWS

Bryant exceeds forecasts as profits surge to £28m

BY CLAY HARRIS

Bryant Holdings, housebuilder and property developer, more than doubled pre-tax profits to £28.4m in the year to May 30. The advance from £13.6m last time was achieved on turnover 28 per cent ahead at £201.1m(£157.4m)

The result exceeded not only Bryant's forecast of £21m for 1986-87 but also its prediction of £26m for the current year. The forecasts were made during a takeover bid by English China Clays earlier this year.

Bryant's successful defence against the clays, quarrying and construction group, which still holds a 29.9 per cent stake, resulted in £2.05m in extraordinary costs.

By division, Bryant reported turnover of £130m(£107m) from homes, £51m(£43m) from construction, and £20m(£7m) from property. Group operating margins improved to 14.4 per cent from 9.3 per cent in the year. Bryant was also boosted by a £600,000 holiday on pension contributions, £500,000 profits from land sales and a larger than expected contribution from the Pavilions retail development in Birmingham.

The group maintained its landbank at 8,000 plots but the book value increased by £19m reflecting Bryant's steady move southwards from its original Midlands base. Its average house price was £61,000, rising from £57,000 in the first half to £67,000 in the second half.

Gearing fell from 38 per cent at the previous year-end to 13 per cent, and Bryant said bank facilities of £50m were in place to enable it to take advantage of acquisition opportunities. Net assets per share rose to 46.3p(38.9p).

Joint ventures have been extended both in housebuilding and construction. In the current year, Mr Chris Bryant, chairman, said: "House prices continue to rise and there is strong demand across our broad geographical base with our forward sales in a very healthy position."

Bryant doubled earnings per share to 9.8p(4.9p) and rewarded shareholders with a final dividend of 2p(1.25p adjusted for a scrip issue in March) to make a total of 2.75p(1.85p). Shareholders can choose to take the dividend in new shares.

The company intends to change its name to Bryant Group.

*comment

Can Bryant keep up the pace? It is almost unrecognisable from the dozy group which a year ago tapped shareholders for £17m at a rights price now equal to 45p and found itself within weeks having to explain why a hostile offer more than 50 per cent higher was derisory. Unfortunately for Bryant, the bid-galvanised improvement has only made it more tasty for a suitor (not necessarily ECC) who would be willing to stump up well in excess of Bryant's £285m market value to get its hands on the landbank and such a tidily managed development side. Little of that is in the price at the moment. With £36m pre-tax in view for the current year, the shares stand on a prospective p/e just over 12. The Bryant pension funds' controversial self-investment during the ECC bid has outperformed the FT All Share by 20 per cent since January. There is no reason for them to take profits yet.

British Syphon surges to £2m

MR BRYAN MORRALL, chairman of British Syphon Industries, the Cheshire-based industrial group which expanded last year via the acquisition of Marshall's Universal, reported to the City yesterday that profits for the first half of 1987 had surged from a depressed £808,000 to £2.2m pre-tax.

At the same time he revealed that agreement had been reached in principle for the purchase of R P Polythene, supplier of packaging materials, for a maximum £800,000 in shares.

The company achieved sales of £2.29m and pre-tax profits of £92,300 over the 1986 year and is expecting to return profits of £160,000 this year.

British Syphon's sales for the opening six months accelerated from £44.42m to £69.59m and operating from £1.98m to £3.29m.

Pre-tax profits were struck after adding in an associate's share of £17,000 (£112,000) and charging interest of £1.11m (£1.23m).

Tax accounted for £421,000 (£220,000) and minorities for £15,000 (£16,000). There were also extraordinary provisions of £371,000 (£362,000).

Earnings rose by 3.1p to 5.7p per 20p share and the interim dividend is stepped up by 10 per cent to 1.84p net.

Mr Morrall said each division had performed profitably over the half year – the group's interests take in paper manufacturing and merchanting together with the supply of advertising and display products.

Looking ahead he said effort was continuing to manage more efficiently the group's existing activities and to exploit the markets in which they operate.

The group was also seeking suitable acquisitions to improve earnings per share.

For the 1986 year as a whole British Syphon increased its profits before tax from £2m to £2.66m despite experiencing a £393,000 shortfall at the six months' stage.

Watmoughs up 74% midway

BENEFITS are now being derived from the recent development programme at Watmoughs (Holdings), and this holding company with interests in colour printing, publishing and process engraving, yesterday reported substantially higher pre-tax profits.

In the six months to June 30 1987, profits climbed by more than 74 per cent from £1.17m to £2.04m - the highest figure ever achieved in the opening half. Turnover rose from £17.71m to £24.43m, an increase of 38 per cent. All companies in the group achieved increased sales.

The interim dividend is 2p net on the share capital increased by the 1-for-5 scrip issue in April. This is equivalent to a rise of 20 per cent. Stated earnings per 25p share improved from 6.92p to 10.79p.

Apart from the development programme, the directors said the increasingly wide range of group activities and strong growth from all specialised operating companies serving the Sunday colour supplement, mail order, cosmetic, packaging and financial printing markets, had all contributed to the rise in profitability.

The group gained a new contract for the Sunday Times colour supplement earlier this month, and Mr P G Walker, the chairman, said it was settling down well at its Scarborough gravure subsidiary, D H Greaves.

Looking ahead, he said the increasing range and depth of activities was providing a better balance between first and second half year profits than in the past. The rate of improvement in profit in the second half was, therefore, unlikely to match that of the opening half.

Dean & Bowes advances 45% midway

Dean & Bowes Group, USM-quoted design and refurbishment contractor, boosted taxable profits by 45 per cent on turnover up more than 77 per cent in the first half of 1987.

Profits rose from £261,000 to £378,000 on turnover ahead from £1.31m to £2.33m. After paying tax charges of £132,000(£101,000), earnings per 5p ordinary share moved up from 2.7p to 3.7p. The directors declared an interim payment of 3.7p - up 1p from last time.

Mr Stephen Dean, chairman, said that County Seat, which Dean & Bowes acquired in April, contributed profits for two months of the period. No profit was included from the purchases made after June - The Flooring People of Brighton and The Ceiling Men.

He said that Country Seat provided a strategic presence in the north-west and the latest acquisitions at Brighton were assisting with the company's aim of widening its geographical spread of its activities and would develop quickly as they were integrated within the group.

There were opportunities ahead - especially as the Brewers' Society had said that Britain's public houses would spend £2.5bn on renovation. Mr Dean reported that the board was continuing to develop the group to service this and other leisure markets. The client base continued to expand

Atlantic acquisition after 32% profit boost

Atlantic Computers, computer leasing company, increased pre-tax profits by 32 per cent from £9.6m to £12.7m in the six months to June 30 1987 on turnover up 48 per cent from £154.6m to £228.2m. It also announced plans to acquire the CBF group, computer dealing and leasing operation in Australia and New Zealand for a total of £9.3m.

The consideration will be satisfied by the issue of 1.14m shares and £930,000 cash. In the year ended June 30 1987 CBF achieved pre-tax profits of A$3.4m (£1.5m) on a turnover of A$21.3m (£9.5m).

The directors declared an interim dividend of 1.5p compared with 1.12p last year and earnings per 10p share were increased to 14.16p (11.08p) after tax of £1.2m (£1m) and minorities of £600,000 (£300,000). All comparisons are restated on merger basis.

Mr John Foulston, chairman of Atlantic Computers, said that he was confident that the financial results would show a substantial increase over last year.

Atlantic is also negotiating with three companies for acquisitions worth between £40m and £250m in the fields of distribution and finance of high technology equipment.

Mr Foulston said that the group's supply and financing operations in IBM computer systems had continued to make a major contribution to both turnover and profit. The UK division had again performed well while the merger with Comcap had strengthened the group's presence in Europe and brought the group considerable interests in property and other financial services through the Summit group.

Atlantic Medical's performance also showed a marked advance with demand at record levels for the company's range of services for nursing homes.

*comment

A simple change in accounting policy to straight-line depreciation and a few acquisitions have propelled Atlantic Computers to new heights, with the shares nearly tripling in value this year. With a prospective p/e of better than 15, based on pre-tax forecasts for the year of £43m, Atlantic appears to have joined the ranks of the respectable and overcome much market scepticism about the vagaries of the computer leasing business. The rating still does not appear excessively generous in view of Atlantic's underlying growth rate, of over 30 per cent at the pre-tax level, and the Australian acquisition takes it to a new, fast-growing market. The shares could still be held back however by the paper Atlantic is expected to issue for the acquisitions now being negotiated.

Bluebird Toys moves ahead to £134,000

Bluebird Toys, USM-quoted toy manufacturer which in June moved into children's games and science kits through the £3.5m acquisition of Peter Pan Playthings, boosted pre-tax profits by more than 12 per cent to £134,000 in the first half of 1987. Turnover rose from £3.47m to £3.93m.

After tax of £47,000(£44,000), earnings per share rose from 1.26p to 1.45p. The directors said that they expected to make a single dividend payment in April.

Mr Torquil Norman, chairman, said that Bluebird had a good six months' trading in spite of rather dull conditions. However, the second half was most important in achieving the final year results.

Bluebird was introducing major new promoted Christmas lines such as the East End Market Stall, Manta Force and the Big Clix Farm Set, all of which had been very well received in the trade. He remained confident that if the company received a reasonable level of repeat orders during the important weeks before Christmas, it would continue its trend of increasing sales and profits.

WSP Holdings for USM via placing

WSP Holdings, an engineering consultancy, is joining the Unlisted Securities Market in a placing which values the company at £3.6m.

The group gives advice on the installation of building services - everything from air conditioning to sewage disposal. Last year, it made pre-tax profits before exceptional items of £186,000 and this year, it is forecasting profits of £375,000.

Gilbert Eliott is placing 1.69m shares, 28 per cent of the equity, at 60p each, of which the bulk are being sold by existing holders. That puts the shares on a prospective p/e of just over 14.

Dealings are expected to start on September 29.

COMMODITIES AND AGRICULTURE

Axe hangs over sheepmeat cash

BY BRIDGET BLOOM IN BRUSSELS

DETAILED PROPOSALS to curb European Community spending on the sheepmeat sector are expected to be approved by the EC Commission today as part of the Community's overall effort to curb farm spending.

The Commission has been widely expected to recommend that the Community abolish the variable premium on lambs, from which Britain is the chief beneficiary.

However, the Commission is also expected to recommend that the EC should try to limit competition from third-country lamb by imposing minimum prices on such imports.

A report expected to be approved by all 17 commissioners today, will suggest that the variable premium, which is a deficiency payment made weekly to lamb producers in the UK, *will be phased out by* 1992.

In its place will be what the Commission calls a generalised sheep support premium — a *variation of the current* premium paid yearly on ewes.

The variable premium has been an integral part of the EC's sheepmeat policy since its formation in 1980, but has effectively applied only to the UK. Abolition is certain to be opposed by the British Government and farming organisations who see it as providing not only important guarantees for sheep farmers but lower prices for British consumers.

However, the Commission is alarmed at the open-ended nature of the guarantee. It has meant a marked rise in UK *production and a consequent* rise in EC spending on sheepmeat support—from Ecu 300m in 1983 to Ecu 614m last year and a predicted Ecu 900m next year.

The Commission fears that continuing the support could lead to a glut in lamb within a few years.

The Commission's proposals, designed to limit the guarantee to farmers, would also set limits on the number of ewes on which a farmer can claim support—500 in lowland areas and *1,000 in* uplands.

This, together with the Commission's suggestion that the EC should impose minimum prices on lamb from New Zealand (which are guaranteed up to certain quantities) are also *likely to prove controversial.*

The proposals are part of a regular process of review, but are also being cast in the wider framework of the so-called *budget stabilisers discussed* formally for the first time in Brussels yesterday by agriculture ministers.

Stabilisers represent an attempt to curb farm spending by imposing what would effectively be cash limits on each main commodity covered by EC support.

The Commission's proposals will be the subject of lengthy negotiations between EC ministers over the next few months.

Uranium strike is settled

SOME 3,200 workers at the Ontario uranium operations of Rio Algom and Denison Mines returned to work this week *after* agreeing new three-year *labour* contracts, writes David Owen in Toronto.

Members of the United Steel Workers union had been on strike since September 2. The new contracts provided for some inflation-indexed pay increases and improvements in pension bene*fits*.

Union *forecasts* suggest that the average hourly Rio Algom worker's wage will rise in stages from C$16.75 *(£36.35) under the previous* contract to C$18.75 (£40.70) in the third year of the new pact.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: *European free* market 99.6 per cent, $ per tonne, in warehouse, 2,240-2,280 (2,250-2,300).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 4.45-4.65 (4.50-4.70).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots *2.20-2.27 (2.18-2.28), sticks* 2.20-2.27 (2.18-2.28).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.45-6.70 (same).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 305-312 (300-308).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per *lb Mo*, in warehouse, 3.00-3.05 (3.02-3.05).

SELENIUM: European free market min 99.5 per cent, $ per lb, in warehouse, 5.75-6.00 (5.60-6.00).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 40-55 (40-57).

VANADIUM: European free market *min 98* per cent V_2O_5, other sources, $ per lb V_2O_5, cif 2.68-2.78 (2.63-2.72).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.65 (same).

Coffee quotas split Brazil

BY ANN CHARTERS IN SAO PAULO

BRAZIL is discussing the re*instatement of coffee quotas* at this week's meeting of the International Coffee Organisation in London. *Pressure for* an agreement, with the country retaining its traditional quota is as *strong within* Brazil as for continuing to sell coffee without quotas.

Producers in Minas Gerais and Rio oppose quotas on the grounds that Brazil has fallen behind other countries in terms of area planted since the early 1960s.

Other producing regions favour reintroduction of quotas to stabilise prices, *preferably at a higher level* than currently in force.

Exporters are generally against a return to quotas. This is because even if the *country retained its historical* 30.5 per cent share of exports to member countries, this year's bumper harvest of more *than* 35m bags plus good prospects for the next couple of years' crops mean that Brazil will have extra coffee on its hands.

Exporters worry they will be the first to bear the financial burden of carrying that stock.

Similarly, coffee traders fear they will bear the cost of any return to the Government's old coffee retention policy, where one bag was kept in stock for every two exported. This fear persists in spite of recent funds allo*cated to the Brazilian Coffee* Institute's Funcafe to assist in government purchases.

Reintroduction of quotas would also mean that the country's coffee export policy would have to be modified to accommodate almost 300 new exporting companies that *were not around when world* quotas were last in effect. The Brazilian coffee industry might have to organise coffee auctions for export permits, a headache the trade says it does not need.

"If there were no other factors at stake than the amount of coffee in Brazil, the country would not go for a coffee agreement," one international trader said.

Referring to the needs of producing countries, Mr Jorio Dauster, Brazilian Coffee Institute President, said before leaving for the London conference that the problem is not the need for quotas, but rather a guarantee of export earnings.

"For Brazil, earnings are possible with an agreement or without one," Mr Dauster said. "But in the case of other countries, it is more *difficult* to see success without quotas.

"It is absolutely essential that there is unity among the producing countries so we can speak with one voice."

COFFEE PRICES fell sharply *again in London yesterday* as the International Coffee Organisation's producing countries *continued their* talks on quotas, writes Our Commodities Staff. The ICO postponed *its full council meeting until* this morning, when consumers hope that the producers will have agreed a *quota* proposal to start full negotiations. London's three-month robusta contract closed £46 down at £1,250.50, following Monday's £25 fall.

Fishing pact runs into storms

BY WONG SULONG IN KUALA LUMPUR

A FISHING venture between Thailand and Malaysia has run into controversy just days after being launched by the prime ministers of the two countries.

Malaysian fishing interests are questioning whether the project, which calls for greater co-operation between the two countries, will bring any real benefit to Malaysian fishermen. They say the deal has too many loopholes.

The venture was hailed as a symbol of bilateral co-operation by the Thai and Malaysian prime ministers, General Premier *Mr Tinsulanonda* and Dr Mahathir Mohamad, when they launched the project as the Malaysian port of Kuantan last Saturday.

Officials say the venture was designed to overcome the *politically* sensitive issue of Thai fishermen infringing Malaysia's 200-mile exclusive economic zone, which was irritating on otherwise excellent bilateral relationship.

Under th eventure, a Malaysian company — Malaysian Offshore Fishing — has purchased 40 Thai trawlers to fish for tuna in Malaysian waters. The catch would be sold to canneries in south Thailand.

Dr Mahathir hoped that the venture would help the Malaysian fishermen develop expertise in deep-sea fishing by learning from the Thais.

However, two days after the project's launch, the Malaysian Fisherman's Association claimed the Thai trawler boats have gone back on a promise to take fuel from the association.

Mr Hassan Ismail, its president, said the association was to supply ice and 400,000 litres of fuel a month, but has been told the Thai trawlers have fixed their own supply. He has threatened to pull out the association's 10 per cent stake in the fishing company.

Mr Datuk Sanusi Junid, the Malaysian agriculture minister, denied the association was given the pledge.

Another sore point is that *only* 50 of the 1,500 fishermen in the joint company are Malaysians. Malaysian fishing interests fear fish could be secretly transferred to unauthorised Thai vessels at sea.

Problems plague rich harvests

Philip Smith reports on the bottlenecks and inefficiencies choking off the agricultural potential of Tanzania

ON THE southern shore of Lake Victoria in the Mwanza region of Tanzania, peasant *farmesr are stranded* with 40,000 tonnes of cotton crop because there is no transport to the ginneries.

Only 2.5 tonnes have reached the local processing plants, which in turn do not have the resources or storage facilities to cope with this season's bumper crop.

Further south in the Tabora region, their neighbours have been forced to leave 4,500 tonnes of cotton in the open, threatened by rain, as local storage facilities are *full*.

A government official says that if a solution is not found to the storage problem cotton buying will be suspended in the region, leaving the remainder of the crop to rot.

And in the Morogoro region in the south, farmers are still owed £300,000 for cotton which was bought on credit by the local co-operative union.

President Ali Hassan Mwinyi *was forced to intervene earlier* this year after peasants threatened to burn their crops if they were not paid in cash. However, purchases on credit continue in spite of a government directive to the contrary.

Tanzania's agricultural sector continues to be plagued by transport, storage and processing problems, which are all confused by bureaucratic inefficiency.

Ministry of Agriculture figures confirm that cotton growers doubled production this season, with an output *of* 215,000 tonnes compared with 103,000 tonnes last year. More than 200,000 tonnes are expected to be harvested in the 1987-88 marketing season which started on May 1.

Sisal, tea and food crops have also recorded higher output this season, mainly because of good seasonal rains, increases in producer prices. Coffee production remained stable.

It is up to the Government with the assistance of donor-countries and organisations, to *resolve basic logistical problems* and reap the full potential of increasing production.

A major donor conference organised by the Government and World Bank is scheduled *for November to address the* problem of bottlenecks in the transport system.

"We are trying to work out ordinate the aid," says one what needs doing and co-donor.

The Government, with assistance from donors, is hoping to set a production high of 268,000 tonnes of cotton by *1990. To tackle the problems it* has promised to import more *spare parts for ginneries, which* operate well below capacity, and build more plants to allow crops to reach international markets in time to fetch premium prices.

Success also depends on the availability of electricity, which has hamstrung the industry.

One donor, the EC, is working on a truck rehabilitation programme, which involves overhauling 750 vehicles used throughout the sector. Such vehicles could have brought hope to the Mwanza farmers, *who responded to government* calls for increased production.

Agriculture is critical to Tanzania's efforts to resolve its economic crisis. This earns *about 80* per cent of the country's foreign exchange and last year accounted for 40 per cent of gross domestic product. Agriculture also employs 90 per *cent of the workforce.*

The economy, under the more liberal guidance of President Mwinyi, is growing by 4 per cent a year following contrac*tion in the 1960s and 1970s.* Export earnings this year are expected to rise to US$400m.

A one-year-old economic recovery programme hinges on the agricultural sector. To encourage cotton cultivation, farmers were given a 15 per cent higher producer price this year, and since the IMF deal in 1985 exporters of cash crops can also retain 10 per cent of foreign exchange earnings to import machinery, vehicles, herbicides and fungicides.

Output of coffee, which accounts for a third of export *revenue, fell to 50,000 tonnes* this year, 5,000 onnes below the previous season's level. Similar output is projected for next year.

Tanzania is looking for the re-introduction of coffee quotas at a meeting of the current International Coffee Organisation (ICO) in London. Even without the quotas, the country was able to export an extra 20 per cent of its 1985/86 harvest.

An *arabica* variety coffee plant, resistant to the coffee berry disease which can destroy 80 per cent of a crop, is due for tests this season.

But the quality of Tanzanian coffee has slipped over the past 20 years, with 50 per cent of the crop now in the poor to very poor class. The construction of EC factories is expected to improve quality.

Experts say quality inspection must also be improved, along with the prices paid for top quality grades to the farmers.

At the same time, more than 16,000 tonnes of tea were produced in the 1986/87 season. Reacquisition by the international trading group Lonrho of a *majority holding* in the Luponde tea estate near Njombe earlier this year is expected to increase output and quality from that region.

Production of cashew nuts has fallen sharply from 143,000 tonnes in 1973-74 to 20,000 tonnes this season. This is due to low producer prices, disease, poor husbandry. But the nuts remain a major foreign exchange earner, worth about US$32m a year. Sisal has also fallen because of low demand and world prices in the 1970s, as well as poor management and lack of equipment. In the 1986-87 season only 30,000 tonnes were produced.

Output fell dramatically in 1976 when more than half the sisal estates were nationalised. *But the Government has* now sold nine plantations back to the private sector. A further eight will be handed over to village councils and co-operative unions.

On the other hand, more rice and wheat was produced this season, although aid pledges are still essential.

Maize production has increased significantly under the impact of increased producer prices, aided by better inputs and good weather. With production above national require*ments* and the strategic grain reserve full, 60,000 tonnes will be exported for the first time this year. Earlier in the season Tanzania imported maize to allow for shortfalls.

Only 25 per cent of the maize crop is sold officially, with the remainder sold privately, with buyers offering cash instead of credit. More than 200,000 tonnes were produced this season and a similar amount is expected next year.

Local experts say the agricultural sector is showing improvement, but they are urging crop diversification to cope with the worldwide slide in food commodity prices.

One donor who monitors the sector closely says: "The future depends upon the Government developing a sound agricultural development strategy and being strong enough to implement it.

"There is a long way *to go,* but they are beginning to bite the bullet."

LONDON MARKETS

ALUMINIUM PRICES on the London Metal Exchange recovered much of the losses suffered early in the morning pre-market as Japanese merchants sold the metal and took their profit. Dealers said this was an overdue reaction to the recent sharp run-up which had left the market in an *overbought position.* The return of buying by European merchants later in the morning soon triggered short-covering. Lead prices *rallied in the afternoon, also* on short-covering, after declining quite sharply in morning trading. Dealers said the market was looking for any weakness at the lower end after failing to break out of the top end of the current £360 to £380 range. Copper and nickel prices were also easier, leaving zinc the only *metal to show any improvement.* The zinc market was unsetled by the early sell-off in other metals, but dealers said it appeared to have bottomed out for the time being, and short-covering would be likely to prompt a short-term rally.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.)	+ or —	High/Low
	$ per tonne		
Cash	1880-900	—7.5	—
3 months	1755-60	—22.5	1780/1758

Official closing (am): Cash 1,855-65 (1,880-90), three months 1,735-45 (1,785-95), settlement 1,865 (1,890). Final Karb close: 1,755-60. Ring turnover: 500 tonnes.

99.5% purity	£ per tonne		
Cash	1121-3	—4.5	—
3 months	1045-6	—11.5	1052/1035

Official closing (am): 1,106-7 (1,125-6). three months 1,037-8 (1,056-6.5). settlement 1,107 (1,126). Final Kerb close: 1,050-50.5. Ring turnover: 31,350 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1126-7	—9	1134/1123
3 months	1104-5	—9.75	1106/1097

Official closing (am): Cash 1,123-4 (1,135-6), three months 1,102-3 (1,111.5-2.5), settlement 1,124 (1,136). Final Kerb close: 1,103-3.5.

Standard			
Cash	1124-5	—7	—
3 months	1103-4	—6	—

Official closing (am): Cash 1,122-3 (1,129-34), three months 1,101-3 (1,105-8), settlement 1,123 (1,134). US Producer prices: 86.5-91 cents per pound. Total ring turnover: 70,650 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	378-9	—12	372
3 Months	365-6	—11.25	370/356

Official closing (am): Cash 372-3 (390.5-91), three months 359.5-60 (375.5-76), settlement 373 (391). Final Kerb close: 365-6. Ring turnover: 18,400 tonnes. US Spot: 42 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3255-65	—12.5	—
3 months	3285-90	+15	3285/3251

Official closing (am): Cash 3,230-40 (3,265-70), three months 3,250-5 (3,283-5), settlement 3,240 (3,270). Final Kerb close: 3,255-60. Ring turnover: 1,602 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	455-6	+4	—
3 months	460-1	+4.5	461/454

Official closing (am): 451-2 (450-1). three months 455.5-6 (453.5-54), settlement 452 (451). Final Kerb close: 460.5-1. Ring turnover: 5,450 tonnes. US Prime Western: 43-47.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

		Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.5%	1,700	106	61	39	—
	1,725	91	53	48½	—
	1,750	77½	45	60	—
Copper (Grade A)	1,750	109	—	28	65
	1,800	78	79	47	89
	1,850	53	59	71½	116
Copper (Grade A)	£/tonne 1,075	54	53	11	33
	1,100	38	40½	20	48½
	1,125	25	30	31½	59½

TIN

KUALA LUMPUR TIN MARKET—Close: 16.89 (16.89) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Sept. 22	
Close	$461-461½	(£280½-281)
Opening	$462-462½	(£280¼-280¾)
M'n'g fix	$463.15	(£281.174)
Aft'n'n fix	$461.55	(£280.629)
Day's high	$463-465½	—
Day's low	$460¾-461¼	—

GOLD AND PLATINUM COINS		
Am Eagle	$474-479	(£288½-291¾)
Mapleleaf	$475-478	(£289¼-291)
Kr'g'r'nd	$459¾-462¾	(£279¾-281¼)
½ Krug.	$241½-251	(£147-152¾)
¼ Krug.	$123-131	(£74¾-79¾)
Angel	$472½-476½	(£287¾-289½)
1/10 Angel	$49-54	(£29¾-33¾)
New Sov.	$108½-109½	(£66-66½)
Old Sov.	$108½-110	(£66-67)
Noble Plat.	$608¾-615¾	(£370¾-375)

RUBBER

PHYSICALS—Closing prices (buyers): Spot 68.50p (70.00p); Oct 69.00p (70.00p); Nov 69.25p (70.75p). The Kuala Lumpur fob prices (Malay-Singapore cents) per kg was: RSS No 1 269.0 (270.0); SMR 20 255.0 (255.5).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.89p per kg lw (—0.81). GB—Sheep 155.05p per kg est dcw (—5.35). GB—Pigs 73.80p per kg lw (—0.81).

INDICES

REUTERS

Sept. 21	Sept. 18	M'th ago	Year ago
1664.6	1664.8	1668.4	1509.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 21	Sept. 18	M'th ago	Year ago
Spot	128.10	128.36	—	124.99
Fut	131.84	131.31	—	137.73

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 22 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1775/785	+40	$1820/840
Copper			
Cash Grade A	£1126.5	—9	£1056.5
3 months	£1104.75	—9.75	£1042.25
Gold Troy oz	$464.25	+4	$458.25
Lead Cash	£378.5	—12	£415.5
3 months	£365.5	11.25	£394.00
Nickel			
Free Mkt	240/255c	—3	248/268c
Palladium oz	$157.75	+1.25	$158.75
Platinum oz	$589.90	+10.15	$597.75
Quicksilver†	$310/325		$275/285
Silver troy oz	465.25p	+20.00	477.00p
3 months	456.40p	+20.30	489.20p
Tin			
free Mkt	£4155/185	+10	£4190/220
Tungsten	$53.78	—1.69	$55.25
Wolfram 22.0lb	$38/50		$43/55
Zinc	£465.5	+4	£502.75
3 months	£460.5	+4.5	£501.25
producers	$860		$860
OILS			
Coconut (Phil)	$495 u		$490
Palm Malayan	$360z	+20	$320
Seeds			
Copra (Phil)	$320	+5	$320
Soyabean (U.S.)	‡		$148.5
GRAINS			
Barley Fut. Nov.	£103.20	—0.40	£101.60
Maize	£144.00	—2	‡
Wheat Fut. Nov.	£106.60	+0.25	£104.95
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1233	+9.5	£1302
Coffee Ft. Nov	£1250.5	—46	£1311
Cotton A Ind.*	83.20c	—0.25	86.85c
Gas Oil. Nov.	$157.75	+0.25	$152.25
Rubber (kilo)	68.5p	+1.25	70.25p
Sugar (raw)	$163.2w	—1.5	$147
Wooltops 64s	480p kilo	—1	545p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y *Nov.* z *Dec.*

SILVER

Silver was fixed 20p an ounce higher for spot delivery in the London bullion market yesterday at 465.25p. US cent equivalents of the fixing levels were: Spot 765.8c, up 29.8c; three-month 780.3c, up 30.05c six-month 796c, up 30.5c; and 12-month 831.55c, up 31.95c. The metal opened at 466-467½p (768-770c) and closed at 461-462½p (758-760c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	465.25p	+29.0	757c	+3.5
3 months	476.70p	+28.5	771c	+4.5
6 months	488.85p	+20.7	—	—
12 months	513.05p	+21.7	—	—

Three months final kerb 770-2c. LME—Turnover: Nil (nil) lots of 10,000 ounces.

COFFEE

After a quiet morning the market moved lower prompted by a weak New York opening. Aggressive long liquidation and fresh technical selling pushed values lower as the market broke through support levels. The postponement of the producers' proposal to consumers at the ICO talks undermined market sentiment, prompting the technical sell-off.

COFFEE	Yesterday close	+ or —	Business done
Sept	1223-1225	—47.0	1279-1225
Nov	1250-1251	—46.0	1307-1251
Jan	1285-1290	—35.0	1331-1295
Mar	1310-1314	—33.5	1351-1310
May	1330-1335	—30.0	1368-1339
July	1355-1358	—25.5	1388-1354
Sept	1365-1378	—33.5	1418-1375

Sales: 4,592 (2,374) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 21: Comp. daily 1979 104.58 (106.05); 15-day average 106.00 (105.97).

COCOA

Following a steadier opening futures rose to highs of £16 up on the day but eased back on late profit-taking to close unchanged, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Sept	1200-1203	+0.5	1207-1199
Dec	1232-1234	—2.5	1248-1232
March	1263-1265	—0.5	1280-1263
May	1282-1283	—1.5	1300-1282
July	1302-1304	—0.5	1320-1300
Sept	1321-1324	—0.5	1337-1335
Dec	1342-1345	+1.0	1359-1342

Sales: 3,694 (1,795) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 22: 1,552.69 (1,550.27): 10-day average for September 23: 1,529.94 (1,527.15).

FREIGHT FUTURES

Incidents in the Gulf affected the market but early trading was sluggish with very light volume recorded for most of the morning. Buying did appear during the afternoon and, although not in any great volume, managed to lift the market to trade up to the limit before it fell back slightly towards the close, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1085	1090/1085	1047.5/1050
Jan.	1133	1140/1120	1092/1094
Apr.	1175	1170/1170	1150/1158
July	1050/1080	—	1020/1050
Oct.	1170	1170/1151	1150
Jan.	1170	—	1050
April	1210/1300	—	1200/1240
BFI	1033	—	1031.5

Turnover: 149 (92).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 95.75, Nov 97.25. US No 2 Soft Red Winter: Oct 91.25, Nov 93.75, Dec 95.55. French 11½-12 per cent: Sept 136.00 sellers. English feed, fob: Jan/March 112.75, April/June 116.50 paid East Coast, Sept 107.00 sellers, Oct 108.00-109.00, Oct/Dec 109.50-110.50 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Sept 144.00 seller. Barley: English feed: Sept 102.00 seller, Oct 106.50-107.50 buyer/sellers, Nov 108.75 sellers, Jan/March 111.50-112.00 buyer/sellers.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Sep.	107.30	+1.40	101.50	—0.25
Nov.	106.80	+0.25	103.20	—0.40
Jan.	109.85	+0.30	105.60	—0.70
Mar.	111.35	+0.20	107.70	—0.80
May	113.80	+0.25	109.50	—0.50
July	115.65	+0.10	—	—

Wheat broke new contract highs, gaining £2.10 on September, while other positions touched £1 up before retreating on commission house selling. Barley attempted to firm but found aggressive selling throughout the day and closed on the lows, reports T. G. Roddick.

HGCA — Locational ex-farm spot prices. Feed barley: S. West 99.70, W. Midlands 96.00, N. West 95.40. The UK monetary coefficient for the week beginning Monday September 28 (based on HGCA calculations using five days' exchange rates) is expected to remain *unchanged.*

Business done—Wheat: Sept 108.00-7.30, Nov 107.60-6.80, Jan 109.60-8.90, March 112.15-1.40, May 114.30-3.80, July *untraded.* Sales: 436 lots of 100 tonnes. Barley: Sept 102.25-1.60, Nov 104.00-3.20, Jan 106.50-6.10, March 108.40-7.70, *May untraded.* Sales: 178 lots of 100 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Oct.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.80-16.95	+0.10
Brent Blend	18.43-18.55	+0.165
W.T.I. (1pm edt)	19.53-19.58	+0.02
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe		
Prompt delivery cif ($per tonne)		
Premium gasoline	173-176	—
Gas Oil	153-155	+1
Heavy fuel Oil	95-96	—
Naphtha	157-160	—0.5

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Oct	156.00	+1.80	157.25-55.50
Nov	157.75	+1.25	159.50-57.50
Dec	159.25	+0.75	161.00-58.25
Jan	161.75	+2.50	162.50-61.50
Feb	162.50	+1.50	—

Turnover: 2,893 (2,370) lots of 100 tonnes.

POTATOES

A slightly improved weather forecast for the next few days led to nervous, thin trade. The market opened unchanged and fluctuated within a £1.00 range before drifting lower during the afternoon, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	84.00	83.40	84.00-83.50
Feb.	96.50	93.50	—
March	86.80	86.00	86.00
Apr.	133.40	134.00	134.50-133.10
May	148.10	149.50	149.00-148.60

Sales: 551 (544) lots of 40 tonnes.

US MARKETS

EARLY COMMISSION house buying firmed both the crude *oil and precious* metals on the news from the Gulf, reports Drexel Burnham Lambert. The trade was also a noted buyer *in* the crude oil but local selling and long-liquidation in the expiring October contract saw prices retreat. The precious metals were generally quiet and dominated by local activity, although the trade sold gold before commission houses bought and locals covered *short-positions* towards the coise. Copper closed lower on commishsion house *profit-tak*ing which took prices through short-term support levels. Coffee fell sharply as commission house stops were elected *as the market* awaited an IBC decision on the ICO agreement. Sugar fell on early commission house and price-fix selling in the face of scale-down trade buying before a late rally took prices back to the highs. Cocoa was erratic, firming on early fund short-covering before Brazilian hedge selling eased prices. Cotton was weak on mixed selling which touched off stops. forcing locals to liquidate in the face of scale-down trade buying. Cattle was *lower in anticipation of deliveries against the spot* October as traders liquidated longs. *Hogs and pork bellies* were weak as traders anticipated a bearish pig crop report. The grains were weak. Soya meal fell as cash premiums weakened and as computer long liquidation emerged, which also eased soyabean futures. Soya oil *firmed on commercial buying.* Maize eased, as did the soyabeans, on prospects of good harvesting weather and slow export business. Wheat fell on technical selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	81.65	82.15	81.90	81.90
Oct	79.25	79.75	—	—
Nov	79.25	80.00	—	—
Dec	79.00	79.50	79.00	79.00
Jan	77.25	77.75	—	—
March	74.75	75.00	74.75	74.75
May	71.65	71.90	—	—

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Dec	1949	1953	1965	1936
March	1960	1970	1974	1948
May	1988	1990	1995	1973
July	2004	2007	2015	1999
Sept	2030	2040	2040	2040
Dec	2057	2068	2071	2043

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Dec	111.78	115.49	114.50	111.25
March	115.49	118.62	116.50	114.90
May	117.40	119.75	117.80	116.70
July	119.00	120.25	119.00	118.50
Sept	119.75	123.75	120.40	119.[illegible]
Dec	120.88	124.00	121.00	121.00

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Sept	81.70	82.95	82.55	81.20
Oct	81.10	82.15	—	—
Nov	80.60	81.65	—	—
Dec	80.20	81.15	81.00	79.70
Jan	79.55	80.50	—	—
March	78.40	79.20	79.10	77.95
May	77.65	78.40	78.20	77.50
July	76.10	76.85	—	—
Sept	76.65	77.40	—	—
Dec	76.50	77.25	—	—

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

	Close	Prev	High	Low
Oct	19.20	19.73	19.87	19.15
Nov	19.30	19.42	19.57	19.27
Dec	19.16	19.26	19.40	19.14
Jan	19.07	19.20	19.32	19.05
Feb	19.06	19.17	19.28	19.05
March	19.08	19.14	19.25	19.03
April	19.00	19.11	19.20	19.00
May	19.10	19.08	19.17	18.98
June	19.08	19.07	19.14	19.08
July	19.06	19.06	19.06	19.06

GOLD 100 troy *ozs; $/troy oz*

	Close	Prev	High	Low
Sept	462.1	462.1	461.0	461.0
Oct	462.7	463.2	463.8	461.2
Nov	466.0	466.4	—	—
Dec	468.9	469.3	470.4	467.4
Feb	475.3	475.7	476.5	474.0
April	481.6	482.0	482.0	481.0
June	488.1	488.5	489.0	487.0
Oct	502.0	502.4	502.4	502.4
Dec	509.2	509.6	508.5	507.8
Feb	516.6	517.0	517.0	517.0
June	531.6	532.0	—	—

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	74.37	75.70	75.40	74.30
Dec	73.46	74.73	74.78	73.40
March	74.72	75.65	75.75	74.70
May	75.30	76.17	76.19	75.30
July	74.85	75.77	75.70	75.00
Oct	68.27	68.90	69.00	68.40
Dec	66.15	66.93	67.00	66.20

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Oct	52.00	52.27	52.80	51.90
Nov	52.70	52.85	53.50	52.68
Dec	53.30	53.46	54.05	53.20
Jan	53.85	54.11	54.60	53.85
Feb	54.10	54.41	54.85	54.10
March	52.70	52.71	53.10	52.65
April	51.65	51.46	51.55	51.55
May	49.60	50.31	50.30	49.80
June	49.90	49.91	49.90	49.56

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Nov	132.50	131.70	132.50	132.00
Jan	130.40	129.80	130.60	130.00
March	130.50	130.05	130.70	130.05
May	130.90	130.25	131.00	131.00
July	130.95	130.40	131.00	130.75
Nov	129.95	130.50	—	—
Jan	129.95	130.50	—	—

PLATINUM 50 troy oz; $/troy oz

	Close	Prev	High	Low
Sept	593.2	593.0	—	—
Oct	595.8	598.5	598.5	591.0
Jan	604.8	605.2	606.5	600.0
Apr	613.8	613.7	612.0	610.0
July	622.8	622.2	620.5	619.5
Oct	631.8	630.7	—	—

SILVER 5,000 troy ozs; cents/troy oz

	Close	Prev	High	Low
Sept	759.9	757.7	767.5	758.0
Oct	761.8	769.5	767.0	767.0
Nov	766.7	774.7	—	—
Dec	771.5	779.5	782.5	766.5
Jan	776.5	784.5	783.0	783.0
March	787.2	796.3	787.5	783.0
May	799.8	807.9	—	—
July	811.9	820.1	820.0	806.0
Sept	823.9	832.3	832.0	832.0

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	Prev	High	Low
Oct	6.26	6.29	6.36	6.18
Jan	6.50	6.60	6.60	6.50
March	7.12	7.09	7.14	6.99
May	7.32	7.27	7.33	7.20
July	7.47	7.41	7.48	7.39
Oct	7.73	7.85	7.74	7.60
Jan	8.00	7.85	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	68.67	69.20	69.32	68.62
Dec	68.90	69.37	69.62	68.87
Feb	68.30	68.65	68.90	68.27
Apr	69.27	69.70	69.90	69.25
Jun	68.77	69.37	69.45	68.75
Aug	67.75	68.00	68.00	67.55
Oct	68.40	68.80	68.90	68.40

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Oct	48.57	48.77	49.27	48.50
Dec	46.55	46.87	47.15	46.30
Feb	44.22	44.82	45.05	44.20
April	41.35	41.50	41.75	41.15
June	43.55	43.95	44.05	43.55
July	43.82	44.02	44.25	43.82
August	43.25	43.05	43.32	43.15
Oct	40.65	40.70	40.80	40.50
Dec	40.90	40.90	—	40.75

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	Prev	High	Low
Dec	175.6	178.2	177.6	175.4
Mar	185.0	186.6	186.4	184.6
May	190.0	191.2	191.0	189.6
Jul	192.4	193.4	193.4	192.2
Dec	192.2	192.4	193.2	192.2

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	59.00	58.82	60.45	58.60
March	58.55	59.35	59.75	59.05
May	58.95	59.75	60.60	58.55
July	58.80	59.70	59.90	58.35

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	Prev	High	Low
Nov	527/6	529/8	528/0	526/2
Jan	532/4	536/4	534/8	532/0
Mar	538/4	541/4	540/2	538/0
May	543/4	546/4	545/0	542/0
July	544/6	546/4	547/0	544/0
Aug	543/0	542/4	544/0	542/0
Nov	529/0	527/0	530/4	527/0

SOYABEAN MEAL 100tons; $/ton

	Close	Prev	High	Low
Oct	170.2	173.0	172.2	169.6
Jan	164.2	166.5	166.0	163.6
Mar	163.0	165.5	165.0	162.6
May	163.5	165.2	164.2	162.8
July	162.0	164.5	164.0	162.0
Aug	162.1	164.3	163.5	162.1
Sept	162.0	164.5	163.0	162.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
Oct	18.26	18.19	18.31	18.18
Dec	16.63	16.54	16.69	16.54
Jan	16.29	16.71	16.84	16.73
March	17.12	17.02	17.18	17.01
May	17.35	17.25	17.40	17.33
July	17.59	17.40	17.60	17.40
August	17.63	17.40	17.65	17.61
Oct	17.65	17.60	17.65	17.65

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Dec	296.6	300.2	302.2	295.6
March	303.0	307.0	308.0	302.2
May	296.0	300.4	301.6	298.0
July	279.4	282.0	285.2	279.0

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 756.5 (748.5) cents per troy ounce. New York tin 316.5-318.0 (316.0-318.0) cents per pound.

SOYABEAN MEAL

Prices moved lower on commercial selling against light consumer buying, reflecting weaker cash levels. A large *option trade took place on April at a* £4.50 premium, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	130.0-130.7	—3.10	131.0
Dec	130.8-130.5	—2.40	131.9-131.8
Feb	131.0-131.5	—1.90	132.5-132.2
April	131.9-135.0	—1.95	135.5
June	126.0-127.0	—1.98	—
August	124.8-125.5	—1.46	—
October	128.0-129.0	—0.58	—

Sales: 2,061 (180) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $163.20 (£99.40), down $1.00 (down 20p) a tonne for October-November delivery. White sugar $186.00, down $1.60.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct	142.4-142.8	142.2-142.6	143.4-140.6
Dec	150.0-151.0	148.0-148.6	148.8-146.6
Mar	158.4-159.0	157.2-157.4	159.8-157.0
May	163.5-165.0	161.2-161.6	162.2-161.6
Aug	167.4-168.0	165.6-166.6	—
Oct	171.8-172.2	169.4-170.4	171.0
Dec	175.4-176.0	174.8-175.6	—
No. 5 Whites			
Dec	185.0-187.5	188.8-187.5	187.5-185.0
Mar	192.0-192.9	192.5-193.0	193.5-191.6
May	194.5-195.6	196.9-197.5	196.4-196.8
Aug	199.8-201.0	200.5-202.0	200.1-199.4
Oct	202.6-205.0	—	204.8-203.0
Dec	206.5-208.8	206.0-210.0	—
Mar	208.5-212.0	—	211.0

Sales: No 6 2,919 (2,340) lots of 50 tonnes— No 5 2,413 (2,806).

Tate and Lyle delivery price for granulated basis sugar was £204.00 (£204.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for September 21: Daily price 6.18 (6.16)— 15-day average 5.74 (5.68).

PARIS—*Whites (FFr per pound):* Oct 1126-1131, Dec 1163-1166, March 1184-1183, May 1210-1223, Aug 1235-1248, Oct 1265-1278.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firmer but quiet

THE DOLLAR showed a modest improvement yesterday as investors covered positions ahead of the weekend IMF and G7 meetings. While there seemed to be little prospect of any renewed initiative coming from the meetings, speculators were unwilling to push the dollar weaker.

This was because G7 ministers continued to affirm the importance of the Louvre accord and the need for dollar stability, consequently implying that central bank support for the dollar would continue. In addition US interest rates are now at their highest level for 18 months which has provided some attraction and there is a growing influence on dollar movements being exerted by the fact that a lower dollar in itself cannot cure the trade deficit. US exports are performing well but not well enough to offset the higher cost of imports. The other major drag, the budget deficit, seems set to remain since there is little chance of strong measures being introduced in the run up to next year's Presidential elections.

So the dollar finished on a slightly firmer note with underlying sentiment helped to some extent by the clash between US and Iranian forces in the Gulf.

On Bank of England figures, the dollar's exchange rate index rose from 100.9 to 101.1. The dollar closed at DM 1.8205 from DM 1.8150 and Y144.15 compared with Y143.50. Elsewhere it finished at SFr 1.5075 from SFr 1.5050 and FFr 6.0650 against FFr 6.0475.

Sterling finished on a slightly weaker note, having shown very little change for much of the day. Its exchange rate index closed at 73.1 down from 73.2 at the opening and Monday's close of 73.3. A weaker trend against the dollar reflected the latter's strength because of fighting in the Gulf but against its European partners it was only very little changed. Traders were probably becoming a little anxious ahead of tomorrow's UK trade figures. Against the dollar it fell to $1.6420 from $1.6480 but was unchanged against the D-Mark at DM2.99. It was slightly higher against the yen at Y236.75 from Y236.50 but slipped elsewhere to SFr2.4750 from SFr2.48 and FFr9.9575 from FFr9.9675.

D-MARK — Trading range against the dollar in 1987 is 1.9305 to 1.7690. August average 1.8573. Exchange rate index 146.5 against 147.2 six months ago.

Trading was rather dull in Frankfurt because traders were unwilling to move the dollar outside its recent trading range in view of this weekend's meeting of the IMF and G7 nations.

The dollar closed at DM1.8165 from DM1.8130 on Monday, having been fixed at DM1.8171 earlier in the day comared with DM1.8107 on Monday. There was no intervention by the Bundesbank and traders emphasised that turnover was extremely low.

Some underlying support was derived from increased tension in the Gulf, following a clash between US and Iranian forces.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 221.1 against 211.2 six months ago.

Short covering boosted the dollar in Tokyo as traders covered positions in the face of rising tension in the Gulf and uncertainty ahead of the weekend G7 and IMF meetings. It closed at Y143.55 compared with Y143.05 in New York and Y143.10 in Tokyo on Monday.

With traders meeting resistance both at upper and lower levels, there seemed to be little prospect of the US unit touching new ground in the short term.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1118	+1.54	+0.83	± 1.5344
Danish Krone	7.85212	7.97922	+1.62	+0.91	± 1.6404
German D-Mark	2.05853	2.07688	+0.89	+0.18	± 1.0981
French Franc	6.90403	6.92256	+0.27	−0.44	± 1.3674
Dutch Guilder	2.31943	2.33722	+0.77	+0.06	± 1.5012
Irish Punt	0.768411	0.772841	+0.58	−0.13	± 1.6684
Italian Lira	1,483.58	1,499.32	+1.06	+0.70	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept. 22	Latest	Previous Close
£ Spot	1.6445-1.6450	1.6515-1.6525
1 month	0.30-0.29pm	0.32-0.31pm
3 months	0.93-0.90pm	0.93-0.91pm
12 months	2.78-2.68pm	2.58-2.50pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Sept 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6410-1.6490	1.6415-1.6425	0.34-0.31 cpm	2.38	0.93-0.89 pm	2.22
Canada	2.1630-2.1689	2.1640-2.1650	0.17-0.08 c pm	0.69	0.32-0.20 pm	0.48
Netherlands	3.35¾-3.37	3.35¾-3.36¾	1½-1¼ c pm	4.91	3⅞-3⅝ pm	4.46
Belgium	61.96-62.14	62.00-62.10	19-17 c pm	3.48	52-49 pm	3.26
Denmark	11.47¾-11.50	11.47¾-11.48¾	¼ dis-¼ ore pm	−0.33	¼-1 dis	−0.20
Ireland	1.1110-1.1160	1.1130-1.1140	0.15-0.10c pm	1.35	0.39-0.20 pm	1.06
W. Germany	2.98½-2.99½	2.98½-2.99½	1⅝-1⅜ pfpm	6.02	4½-4¼ pm	5.85
Portugal	234.87-236.33	234.87-235.83	51-105 c dis	−3.93	265-351 dis	−5.23
Spain	199.85-200.32	200.00-200.32	77-95 c dis	−5.16	243-271 dis	−5.14
Italy	2156-2162¾	2158½-2159½	4-7 lire dis	−3.06	16-20 dis	−3.33
Norway	10.91½-10.95½	10.91½-10.92½	3¾-4⅝ ore dis	−4.46	10⅝-11¼ dis	−4.01
France	9.94¾-9.97½	9.95¼-9.96¼	2¼-1⅞ c pm	2.26	4¼-3⅞ pm	1.73
Sweden	10.48¾-10.51½	10.48¾-10.49¾	⅞-¼ore pm	0.79	1⅛-⅝ pm	0.41
Japan	236¼-237¼	236¼-237¼	1¼-1 y pm	5.70	3⅝-3¼ pm	5.49
Austria	20.99-21.08	20.99-21.05	10⅝-9⅞ gro pm	6.11	28⅝-26⅛ pm	5.42
Switzerland	2.47-2.48¼	2.47-2.48	1⅞-1⅛ c pm	6.06	3⅞-3⅝ pm	6.06

Belgian rate is for convertible francs. Financial franc 62.10-62.20. Six-month forward dollar 1.58-1.53 c pm. 12-month 2.5 -2.40 pm.Switzerland - September 21, 2.4750-2.4850 Close.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6410-1.6490	1.6415-1.6425	0.34-0.31c pm	2.38	0.93-0.89pm	2.22
Ireland†	1.4740-1.4800	1.4740-1.4750	0.16-0.11c pm	1.10	0.51-0.41pm	1.24
Canada	1.3255-1.3185	1.3170-1.3180	0.17-0.20c dis	1.68	0.56-0.59 dis	1.74
Netherlands	2.0410-2.0485	2.0475-2.0485	0.45-0.40c pm	2.43	1.17-1.12pm	2.24
Belgium	37.67-37.85	37.75-37.85	4.50-3.50c pm	1.27	12.50-10.50pm	1.22
Denmark	6.96¾-6.99½	6.98¾-6.99¼	0.50-1.20ore dis	−1.46	2.40-3.10 dis	−1.58
W. Germany	1.8325-1.8210	1.8200-1.8210	0.57-0.54pf pm	3.66	1.65-1.60pm	3.58
Portugal	143-143¾	143-143¼	50-150c dis	−8.39	225-425 dis	−9.08

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.80-37.90

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

	£	$
Luxembourg	62.00-62.10	37.75-37.85
Malaysia	4.1455-4.1490	2.5215-2.5225
Mexico	2523.80-2533.10	1536.00-1541.00
N. Zealand	2.5500-2.5550	1.5515-1.5535
Saudi Ar.	6.1630-6.1685	3.7500-3.7510
Singapore	3.4335-3.4370	2.0885-2.0895
S. Af. (Cm)	3.3520-3.3675	2.0470-2.0515
S. Af. (Fn)	5.3455-5.5255	3.2520-3.3615
Taiwan	49.55-49.80	30.05-30.15
U.A.E.	6.0355-6.0410	3.6725-3.6735

*Selling rate.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts and bonds above lows

LONG-TERM gilt futures bounced off the day's lows on the London International Financial Futures Exchange yesterday, while US Treasury bond futures closed at the day's high, but remained weaker on the day.

Gilts opened lower at 116-02 for December delivery, and fell to a low of 115-24 on profit-taking, losing nearly a full point from Monday's close. Profit-taking appeared to be the main feature behind the fall, as dealers commented that the market was correcting from the strong gains made after last week's good UK economic news.

Trading was nervous ahead of today's auction of £800m 9 per cent Treasury 2008 stock, amid comments from Tokyo that prices seem too high and that sterling is too expensive for investors who have to convert from yen. It was generally felt that the yield at the auction was not high enough to attract strong foreign demand, particularly from Japan, although there were still hopes of reasonable success, on domestic bidding.

The contract recovered to the day's high of 116-14 in the afternoon, before closing at 116-10, compared with 116-22 on Monday.

Dealers were generally wary of pushing gilts much higher, because of the auction and tomorrow's UK trade figures. It was also noted that yields on long-term gilts and US long bonds were around the same level, at a time when it has been suggested US interest rates will continue to rise.

The UK trade figures for August are expected to show a slight improvement over July, and possibly a reduction in the current account deficit on higher invisible earnings.

US Treasury bonds opened lower at 82-17, and touched 82-07, before closing at the day's high of 82-26, against 83-15 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
108	8.32	9.00	0.12	0.38
110	6.41	7.24	0.21	0.62
112	4.58	5.58	0.38	1.32
114	3.25	4.39	1.05	2.13
116	2.12	3.32	1.56	3.06
118	1.20	2.37	3.00	4.11
120	0.46	1.54	4.26	5.28
122	0.24	1.18	6.04	6.56

Estimated volume total, Calls 1,639 Puts 2,408
Previous day's open int: Calls 25,005 Puts 15,871

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
78	5.18	5.02	0.30	1.06
80	3.49	3.45	0.61	1.49
82	2.33	2.40	1.45	2.44
84	1.36	1.50	2.48	3.54
86	0.58	1.10	4.06	5.14
88	0.31	0.46	5.43	6.50
90	0.16	0.28	7.28	8.32
92	0.07	0.16	9.19	10.20

Estimated volume total, Calls 45 Puts 35
Previous day's open int: Calls 677 Puts 522

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls -Last Sept.	Calls -Last Oct.	Puts-Last Sept.	Puts-Last Oct.
22750	6.49	12.75	0.04	1.45
23000	4.38	10.84	0.23	2.04
23250	2.25	9.08	0.80	2.78
23500	0.95	7.49	2.00	3.69
23750	0.30	6.08	3.85	4.78
24000	0.07	4.85	6.12	6.05
24250	0.01	3.81	8.56	7.51
24500	0.00	2.94	11.05	9.14

Estimated volume total, Calls 30 Puts 5
Previous day's open int: Calls 545 Puts 349

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE-EURODOLLAR OPTIONS

LONDON

CHICAGO

CURRENCY FUTURES

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKETS

Firmer tone

INTEREST RATES showed a slightly firmer tone on the London money market yesterday, but were little changed overall.

Trading was nervous ahead of tomorrow's August UK trade figures, while today's £800m gilt auction was also a slightly unsettling factor. Domestic demand at the auction is expected to be encouraged by recent economic news, but foreign interest may be low, following suggestions the yield is regarded as unattractive to Japanese investors.

UK clearing bank base lending rate 10 per cent since August 7

The trade figures are expected to show a visible deficit of about £750m to £900m, compared with £910m in July, and there are hopes that the current account deficit could be reduced by higher invisible earnings from July's £310m, possibly to as low as £150m.

But after last week's reasonably good news about the economy dealers were reluctant of becoming too enthusiastic, against a background of uncertainty about US interest rates.

As a precautionary measure six-month interbank was marked up to 10¼-10⅛ per cent from 10$\frac{3}{16}$-10$\frac{1}{16}$ per cent, but three-month was unchanged at 10$\frac{1}{16}$-9$\frac{15}{16}$ per cent.

The Bank of England initially forecast a money market shortage of £350m, but revised this to £500m at noon, and to £450m in the afternoon. Total help of £351m was provided.

Before lunch the authorities bought £62m bank bills in band 1 at 9⅞ per cent.

In the afternoon another £274m bills were purchased, by way of £114m Treasury bills in band 1 at 9⅞ per cent and £160m bank bills in band 1 at 9⅞ per cent.

Late assistance of around £15m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £164m, with Exchequer transactions absorbing £195m, and bank balances below target £85m. These outweighed a fall in the note circulation adding £70m to liquidity.

In New York the US Federal Reserve added funds to the banking system via overnight and fixed term two-day system repurchase agreements, when Federal funds were trading at 7$\frac{9}{16}$ per cent, compared with 7½ per cent on Monday.

In Frankfurt the West German Bundesbank offered to add liquidity to the banking system through a 28-day securities repurchase agreement tender. Banks were asked to make bids at a minimum rate of 3.50 per cent, and will receive the funds today, when DM 14.4bn drains from the market as earlier agreements expire.

The change from a fixed tender rate of 3.60 per cent was a surprise to the market, but Mr Claus Koehler, a member of the Bundesbank board, denied there was any alteration to overall credit policy. Although the minimum rate at the tender is 3.50 per cent dealers suggested bids were likely to be aimed at yesterday's call money rate of 3.60 to 3.70 per cent.

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FT 30			FTSE 100			WALL STREET		
Sept	1834/40	+4	Sept	2340/47	+14	Oct	2518/26	+19
Dec	1874/81	+4	Dec	2388/95	+14	Dec	2534/42	+19

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY SEPTEMBER 22 1987					MONDAY SEPTEMBER 21 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	178.65	−1.2	161.30	162.19	2.33	180.81	162.66	163.19	180.81	99.92	81.05
Austria (16)	102.87	+0.7	92.88	97.19	2.13	102.14	91.88	96.22	102.87	85.53	92.85
Belgium (48)	127.40	−0.1	115.03	118.91	3.99	127.49	114.69	119.00	134.89	96.19	88.92
Canada (129)	134.53	+0.1	121.47	128.35	2.33	134.37	120.88	127.90	141.78	100.00	97.89
Denmark (39)	118.57	−0.1	107.05	112.72	2.53	118.74	106.82	112.56	124.83	98.18	95.63
France (121)	112.91	−1.4	101.95	107.42	2.63	114.50	103.01	108.62	121.82	98.39	94.35
West Germany (92)	100.75	−0.5	90.97	95.36	1.99	101.24	91.08	95.53	104.93	84.00	92.78
Hong Kong (45)	147.52	+0.5	133.20	147.82	2.46	146.73	132.00	146.99	147.52	96.89	79.08
Ireland (14)	144.07	−0.4	130.08	137.67	3.27	144.61	130.09	137.63	145.49	99.50	84.35
Italy (76)	88.78	+0.5	80.16	87.19	2.11	88.30	79.44	86.32	112.11	84.22	100.38
Japan (458)	139.87	−0.4	126.29	127.45	0.54	140.39	126.30	127.34	161.28	100.00	95.36
Malaysia (36)	168.00	+1.0	151.69	163.18	2.25	166.40	149.70	161.50	193.64	98.24	90.16
Mexico (14)	379.54	+0.9	342.69	638.43	0.47	376.25	338.48	635.56	422.59	99.72	62.79
Netherland (37)	121.22	−1.8	109.45	113.31	3.97	123.50	111.10	115.12	131.41	99.65	96.92
New Zealand (24)	137.69	−0.9	124.32	113.51	2.63	138.99	125.04	114.54	138.99	83.93	70.84
Norway (24)	184.49	−0.3	166.57	166.52	1.65	185.01	166.44	166.61	185.01	100.00	102.99
Singapore (27)	160.98	+1.0	145.35	154.97	[illegible]	159.42	143.42	153.39	174.28	99.29	89.81
South Africa (61)	183.34	+1.1	165.54	132.51	3.14	181.27	163.07	132.09	198.09	100.00	107.77
Spain (43)	160.84	−2.4	145.22	148.23	2.68	164.73	148.20	151.44	165.92	100.00	93.89
Sweden (33)	130.41	−0.1	117.74	123.36	1.88	130.54	117.44	123.15	132.10	90.85	94.32
Switzerland (53)	108.25	−0.4	97.74	101.17	1.65	108.65	97.75	101.38	110.00	92.01	91.00
United Kingdom (333)	157.04	−0.4	141.80	141.80	3.19	157.60	141.78	141.78	162.87	99.65	94.13
USA (586)	130.26	+2.7	117.62	130.26	2.82	126.88	114.15	126.88	137.42	100.00	98.04
Europe (929)	127.66	−0.6	115.26	118.36	2.81	128.38	115.49	118.65	128.88	99.78	94.35
Pacific Basin (683)	141.58	−0.4	127.83	129.26	0.69	142.12	127.86	129.18	158.77	100.00	94.23
Euro–Pacific (1612)	136.06	−0.5	122.85	124.88	1.48	136.67	122.96	124.95	143.65	100.00	94.28
North America (715)	130.49	+2.5	117.82	130.18	2.79	127.28	114.50	126.96	137.55	100.00	98.03
Europe Ex. UK (596)	109.39	−0.8	98.78	103.72	2.47	110.23	99.17	104.21	111.97	98.02	94.51
Pacific Ex. Japan (225)	162.75	−0.5	146.95	152.02	2.35	163.57	147.16	152.28	163.57	99.92	80.05
World Ex. US (1816)	136.67	−0.4	123.40	125.39	1.53	137.23	123.45	125.43	143.38	100.00	94.50
World Ex. UK (2069)	131.90	+0.8	119.09	125.91	1.88	130.79	117.66	124.58	138.82	100.00	96.04
World Ex. So. Af. (2341)	133.82	+0.7	120.83	127.31	2.00	132.87	119.53	126.10	139.47	100.00	95.79
World Ex. Japan (1944)	131.44	+1.3	118.68	127.42	2.78	129.76	116.73	125.64	134.03	100.00	96.10
The World Index (2402)	134.14	+0.7	121.11	127.39	2.02	133.18	119.81	126.18	139.73	100.00	95.86

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$460	92	17	10	29.50	—	—	$462
GOLD C	$480	157	9.30	20	21	6	31.90	"
GOLD C	$500	95	5.20	90	14.50	—	—	"
GOLD C	$520	10	2.30	145	8.50	—	—	"
GOLD P	$440	14	3	45	6.50	—	—	"
		Dec. 87		Mar. 88		June 88		
SILVER C	$700	—	—	6	105	—	—	$767
SILVER C	$800	40	50	—	—	—	—	"
SILVER C	$850	—	—	—	—	6	80	"
		Oct. 87		Nov. 87		Dec. 87		
£/Fl C	Fl.330	—	—	—	—	2	6.50	Fl.336.62
£/Fl. P	Fl.340	—	—	—	—	10	8.50	"
		Oct 87		Nov 87		Dec 87		
$/Fl C	Fl.195	35	9.30	2	9.30	—	—	Fl.204.45
$/Fl C	Fl.200	30	4.80	—	—	20	5.80	"
$/Fl C	Fl.205	27	1.50	14	2.30	55	3.20	"
$/Fl C	Fl.210	—	—	10	1	4	1.70A	"
$/Fl P	Fl.195	—	—	—	—	5	1.40	"
$/Fl P	Fl.200	60	0.90	—	—	—	—	"
$/Fl P	Fl.205	262	2.50	—	—	25	5.10	"
$/Fl P	Fl.210	20	6.30	—	—	—	—	"
		Oct 87		Nov 87		Dec 87		
$/Fl C	Fl.205	20	4.80	—	—	—	—	Fl.204.45
$/Fl C	Fl.210	4	2.80	—	—	—	—	"
$/Fl C	Fl.215	—	—	4	2.80	—	—	"
$/Fl P	Fl.200	1	4.60	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.48	729	0.70	46	2.90	31	4.30	Fl.46.70
ABN P	Fl.48	1030	2.10	349	3.20B	21	3.50	"
AEGON C	Fl.95	69	0.40	5	2.80	—	—	Fl.86
AEGON P	Fl.90	225	5.50	246	6.90	—	—	"
AHOLD P	Fl.105	20	3.50	22	6	—	—	Fl.104.80
AHOLD C	Fl.104.60	52	3.60	50	7	—	—	"
AKZO C	Fl.180	1364	3.20	398	9.30	34	14.50	Fl.174.50
AKZO P	Fl.170	281	2.70	374	7.60	25	9.50	"
AMEV C	Fl.60	55	1.10B	20	3.50	—	—	Fl.57.80
AMEV P	Fl.60	127	2.70	79	4.50	4	5.60	"
AMRO C	Fl.95	396	0.10	40	1.30B	3	2.20B	Fl.81.70
AMRO P	Fl.85	111	4	26	5	2	6.90	"
ELSEVIER C	Fl.65	204	1	131	4.40	—	—	Fl.60.70
ELSEVIER P	Fl.60	77	1.80B	30	3.50	7	5.50A	"
GIST-BROC.C	Fl.50	121	0.50	168	2.50	—	—	Fl.46.60
GIST-BROC. P	Fl.50	83	3.50	38	4.70	—	—	"
HEINEKEN C	Fl.190	89	1.10A	5	4.80	—	—	Fl.173.30
HEINEKEN P	Fl.170	56	3	84	5.80B	—	—	"
HOOGOVENS C	Fl.50	259	0.40	106	3	6	4.70	Fl.46.50
HOOGOVENS P	Fl.45	495	1	59	2.90	6	3.80A	"
KLM C	Fl.55	292	0.70	94	2.60	5	4.70	Fl.51.30
KLM P	Fl.55	45	4.10	49	5.70	—	—	"
NEDLLOYD C	Fl.190	145	6.60	10	17.50	—	—	Fl.189
NEDLLOYD P	Fl.130	100	0.30	60	2	—	—	"
NAT.NED. C	Fl.80	123	0.30	178	1.80	5	3.50A	Fl.70.50
NAT NED P	Fl.75	230	5.20	141	6	12	6	"
PHILIPS C	Fl.50	303	1.50	592	3.30	29	4.90	Fl.50.10
PHILIPS P	Fl.50	121	1.20	363	2.70	90	3.80	"
ROYAL DUTCH C	Fl.260	814	3.80	530	12.20	9	18	Fl.254.20
ROYAL DUTCH P	Fl.260	561	7.50	88	12.90	3	14	"
ROBECO P	Fl.110	61	2.80	21	4.50	—	—	Fl. 108
UNILEVER C	Fl.136	793	4.20	176	9.80	—	—	Fl.135.50
UNILEVER P	Fl.140	403	6.40	169	10	6	14	"

TOTAL VOLUME IN CONTRACTS: 43,494

A=Ask B=Bid C=Call P=Put

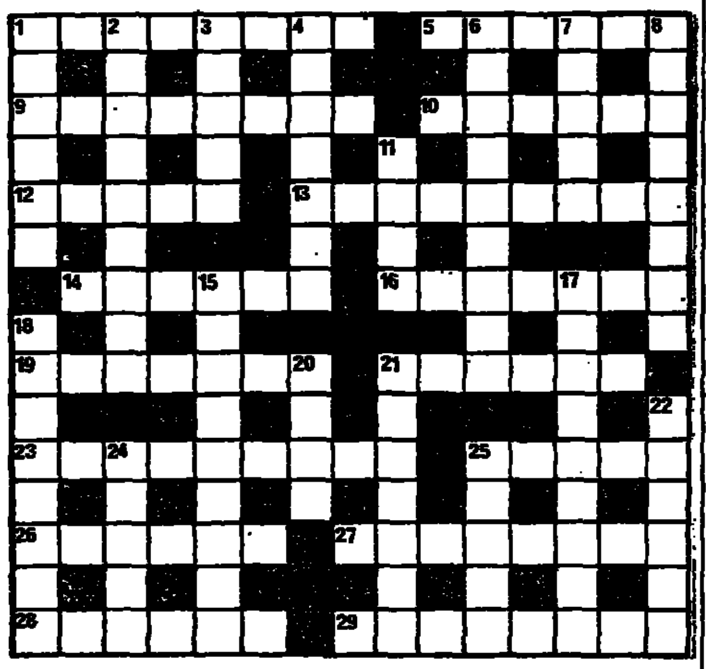
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No. 6,437

DANTE



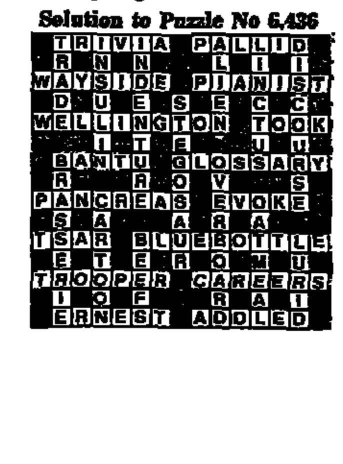
ACROSS

1 Tricked into side issues (8)
5 Pointless advance warning? (3-3)
9 Turn a wench into a winch (8)
10 Alpine variety of fir-cone (6)
12 Drums in lively dances (5)
13 Fell in love, but became discouraged (4,5)
14 Intervals when the odds are on the experts (6)
16 Mounts, perhaps and starts on a journey (4,3)
19 Animal in a role that gives limited protection (7)
21 Pupil being punished for a glaring mistake? (6)
23 Sixth sense needed in teaching (9)
25 Unhappy when divided (3,2)
26 The source of a writer's material (6)
27 House-warming arranged for Alice (4,4)
28 Reason for being milled (6)
29 One who takes off in a hurry? (8)

DOWN

1 He takes part in a spirited war-dance (6)
2 A host of local supporters (9)
3 Does nothing to correct the slide (5)
4 Settles for ten less in exchange (7)
6 Patrick's fish pond, of course (5,4)
7 Ring an agent up at Covent Garden? (5)
8 Sir John's employees on the river (8)
11 Flower that lives twice? (4)
15 Tropic island produce (9)
17 It's not taken as part of the contract (9)
18 Mounting a revolt (8)
20 Voyage any skipper would try to avoid (4)
21 Distribute information for the press (4-3)
22 A new paper to be published (6)
24 Around the end of May, took out foreign capital (5)
25 Produce a lower type of offspring (5)

Solution to Puzzle No 6,436



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	108.6	114.9	-1.4	1.10
(Accum Units)	113.7	120.5	-1.5	1.10
American Income	50.1	53.0	-0.7	4.32
(Accum Units)	54.6	57.7	-0.8	4.32
American Sm Cos Fd.	49.8	52.6	-0.3	0.45
(Accum Units)	49.8	52.6	-0.3	0.45
British Blue Chip Fund	52.8	55.8	+0.0	2.27
(Accum Units)	53.6	56.7	-0.1	2.27
European Growth	161.5	170.8	+0.6	0.40
(Accum Units)	168.5	178.5	+0.6	0.40
European Income	85.9	90.9	+0.0	3.30
(Accum Units)	90.3	95.5	+0.0	3.30
Exempt	366.8	376.2	+11.9	2.37
(Accum Units)	581.4	596.3	+18.9	2.37
General	386.3	408.7	-1.2	1.48
(Accum Units)	645.6	683.1	-1.9	1.48
Gilt	87.8	88.2	+0.2	7.40
(Accum Units)	104.4	104.9	+0.2	7.40
Global Fund	52.9	55.9	-0.1	0.65
(Accum Units)	52.9	55.9	-0.1	0.65
High Income Fund	54.8	57.9	-0.1	4.51
(Accum Units)	56.6	58.8	-0.1	4.51
High Interest Fund	44.6	47.1	-0.1	9.52
(Accum Units)	46.0	48.6	-0.1	9.52
Income	129.4	136.9	-0.7	2.80
(Accum Units)	149.5	158.1	-0.7	2.80
International	303.8	321.4	-2.0	1.35
(Accum Units)	380.1	402.2	-2.4	1.35
Japan	205.5	217.4	+0.5	0.67
(Accum Units)	211.0	223.2	+0.5	0.67
Pacific Fund	61.4	64.9	+0.2	0.10
(Accum Units)	61.4	64.9	+0.2	0.10
Recovery	329.1	348.2	+0.0	1.91
(Accum Units)	357.8	378.6	-0.1	1.91
UK Smaller Co's Fund	56.9	60.2	-0.1	1.64
(Accum Units)	57.5	60.8	-0.1	1.64

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 8	629.5	657.9	.....	1.07

Metropolitan Unit Trust Mngrs Ltd
5 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	65.7	69.8	-0.4	4.30
Accum Units	66.4	70.6	-0.4	4.25
UK Growth Fund Acc	65.0	69.1	+0.4	1.45
Global Income Fund	50.4	53.6	.....	3.73
Accum Units	50.4	53.6	.....	3.73
Global Growth Fund	50.3	53.5	-0.1	0.47

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	122.8	130.7	-0.6	0.98
PM Income and Growth	106.3	113.1	-0.3	2.93
PM N American Growth	56.4	59.9	-0.9	0.35
PM European Growth	52.9	56.2		0.55
PM Japan Growth	69.3	73.7	-0.5	0.36
PM Overseas Growth	55.8	59.3	-0.4	0.43

Prudential Holborn Unit Trust Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	84.1	88.9	+0.1	0.34
Holborn Equity Income	75.1	79.4	-0.1	3.24
Holborn Equity Tst.	609.6	645.0	-1.2	2.09
Holborn European Tst.	128.1	135.1	+0.5	.61
Holborn Gilt Tst.	209.7	218.3	-1.7	2.18
Holborn High Inc Tst	90.9	96.1	+0.2	4.49
Holborn Intl Grth Tst.	124.5	131.7	-0.6	0.66
Holborn Intl Sm Cos.	—	50.0		0.05
Holborn Japanese Tst.	135.1	142.9	-1.0	0.40
Holborn N. Amer. Tst.	94.5	99.9	-0.8	0.48
Holborn Sm Cos Tst.	82.7	87.5		1.33
Holborn Spec Sits Tst.	109.7	116.0	-0.5	1.26
Holborn UK Growth Tst.	121.5	128.5	-0.2	1.46

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	688.1	724.0	.....	1.35
Quadrant Income	342.7	362.7	.....	3.68
Quadrant Intl. Fund	454.9	481.6	.....	1.06
Quadrant Spec. Sits.	487.2	515.6	.....	1.28

Reliance Unit Mgrs. Ltd.
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	251.1	267.1	-1.4	2.26
Reliance Unit Tst (Inc)	175.6	186.7	-0.4	1.41
Reliance Ut Tst (Acc)	236.4	251.4	-0.4	1.41

Rensburg Fund Managers
Stildowse Ct., Tithebarn St., Liverpool. 051-227 2030

Internal. Growth Trust	50.5	53.3	-0.3	1.51

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	323.9	344.5	-2.1	0.68
NC America (Acc)	357.3	380.1	-2.3	0.68
NC Inc Fd.	129.7	137.9	-0.8	2.92

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
34⅞	25¾	Tenneco $5	33¼	+⅜	$3.04	—	5.5
202½	149½	Do. 10pcLn.Stk. 91-5	202½		10%	—	5.0
29⅝	17⅛	Texaco $6.25	24	–⅛	$3.00	—	7.7
74⅛	47⅞	Time Inc. $1	62⅝	–⅛	$1.00	—	1.0
19⅝	11	Tracor $0.33	19⅜	+⅛	40c	—	1.3
30¾	18⅞	Transamerica $1	24½	–⅞	$1.76	—	4.4
14⅛	922p	Transworld Corp $5	12	–⅛	20c	—	1.0
25⅛	14⅞	TRINOVA Corp.	25	+1½	h$1.00		2.4
24⅞	15⅛	USX $1	21½		$1.20	—	3.4
19⅝	15⅛	Union Carbide $1	16⅞	–⅛	$1.50	—	5.5
37⅞	26⅞	Utd. Technologies	33	+⅛	$1.40	—	2.6
39⅝	27	US West	33¼	+⅛	$3.28	—	6.0
30½	17⅛	Waste Management $1	27⅞	–½	—	—	—
£31⅛	£20½	Whirlpool $1.0	£23⅞	–1	—	—	—
37⅞	26	Woolworth $3½	29⅞	–⅛	$1.32	—	2.8

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
491p	362p	ABM Gold Corp	392p	+1	—	—	—
21½p	10p	Abbot Energy Corp.	20½p		—	—	—
18⅛	506p	Amer. Barrick Res.	17½	–⅛	—	—	—
136p	32p	Amer. Daleco	88p	–4	—	—	—
141p	41p	American Lightwave	41½p	+½	—	—	—
122p	52p	Armeno	81p	–4	—	—	—
19⅛	14⅛	Bk. Montreal	14⅞		$2.00	—	6.3
10½	745p	Bk. Nova Scot.	761p	–3	72c	—	4.4
20⅝	17⅛	BCE	17⅞		$2.40	—	6.2
10½	712p	Bow Valley	842p	+3	40c	—	—

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	340	–5	10.5	2.9	4.2	12.7
455	316	Pearl Group 5p	455	+3	†10.5	—	3.2	—
£23½	804	Prudential	£20¼	.....	29.0	—	3.8	—
580	433	Refuge 5p	565	–3	15.75	—	3.8	—
591	423	Royal	585	–3	†15.5	—	3.7	—
103	95	Sattire Ins. Invs.	103	.....	—	—	—	—
*345	276	Sedgwick Group 10p	294	.....	12.0	1.7	5.8	12.1
339	207	Steel Burrill J.10p	234	.....	†9.0	2.0	5.2	13.3
668	403	Stewart Wr. 20p	535	–5	†13.0	2.0	3.3	19.0
612	377	Sturge Hldgs 20p	520	–7	†6.0	2.5	1.6	34.0
£11½	645	Sun Alliance	£11½	–A	23.5	—	2.9	—
£12½	929	Sun Life 5p	£12½	.....	28.5	—	3.2	—
£69½	£39	Taisho M EDR	£48	+1¼	0.0%	—	0.9	—
£22½	£14½	Torchmark $1.00	£18½	–½	051.00	—	3.3	—
385	235	Trade Indemnity	385	+5	14.5	—	1.5	—
£34	£24½	Travelers $1.25	£26½	+½	$2.28	—	5.3	—
£30½	£22½	USF & G Corp $2.50	£24½	–1½	$2.48	—	6.3	—
£33½	£20½	USLIFE Corp. $1.0	£22½	–½	051.20	3.2	3.2	3.0
728	555	Wllsd Friendly 8 10p	728	.....	21.0	—	4.0	—
464	340	Willis Faber 12½p	353	–2	†10.75	2.4	4.2	13.3
128	41	Windsor Secs. 10p	118	–2	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	17½	A & M Group 10p	24	–½	—	—	—	♦
242	181	Airlines 10p	198	+1	R5.4	2.5	3.8	14.4
*349	302	Anglia TV	488	–1	†11.25	3.3	3.2	13.5
194	108	Aquascutum Hldgs. 10p	175½	–1	6.0	1.2	4.7	26.1
141	63	Avesco 1p	108	–2	0.5	6.7	0.6	30.5
65	40	BCE Hldgs 5p	50½	.....	Ld1.0	♦	2.7	♦
300	132	Barr & W.A.T. 'A'	295	–5	18.0	1.4	3.7	24.0
58	19	Boat Media	47	.....	—	—	—	—
235	165	Boosey & Hawkes	238	.....	—	—	—	—
83	45	Border T.V.	58	–4	1.4	♦	3.3	♦
*439	43½	Brent Walker 10p	357	–8	8.5	2.2	3.8	17.2
122	102	Do 6pc.Cv.Cm.Red.Pf	106	.....	6.0	—	7.8	—
*292	110	Campari Int. 20p	263	–2	†3.0	5.1	1.6	13.5

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
186	101	Far East Res. 10p	160	–1	—	—	—	—
108	55	Gardner (J.) 5p	96	–4	R1.25	2.3	1.8	33.2
41	29	Honorbilt Group 5p	39	.....	—	—	—	32.8
133	115	Leading Leisure 5p	127	–2	0.9	3.1	1.0	36.7
90	68	Lynx Tech. 5p	85	–5	b—	—	—	9.8
82	17	Publishing Hldgs.5p	61	.....	—	—	—	35.3
87	45½	Theme Holdings	69	–2	1.0	1.9	2.0	37.0
186	140	UPL Group 10p	182	–5	L2.41	2.8	1.8	—
140	111	Unit Group	140	.....	R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	98	.....
Craig & Rose £1	738	.....
Finlay Pkg. 5p	118	–1
Holt (Jos) 25p	£10½	.....
IoM Stm. £1	295	+50
IRISH		
Fund 11¼% 1988	£100¼	.....
Nat. 9¾% 84/89	£98¾	.....
Fin. 13% 97/02	£106½	.....
Arnotts	375	–5
CPI Hldgs	85xd	.....
Carrol Inds.	186	–2
Dublin Gas	40	.....
Hall (R. & H.)	136xd	–2
Heiton Hldgs.	62	–1
Irish Ropes	218	.....
Unidare	420	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	19
BAT	62
BOC Grp.	50
BSR	17
BTR	36
Babcock	32
Barclays	52
Beecham	52
Blue Circle	58
Boots	30
Bowaters	50
Brit Aerospace	50
Brit. Telecom	28
Burton Ord	32
Cadburys	25
Charter Cons.	45
Comm Union	34
Courtaulds	45
FNFC	32
Gen Accident	95
GEC	22
Glaxo	200
Grand Met.	50
GUS 'A'	125
Guardian	95
GKN	38
Hanson Tst.	17
Hawker Sidd	58
ICI	125
Jaguar	52
Ladbroke	45
Legal & Gen	32
Lex Service	45
Lloyds Bank	35
Lucas Inds	75
Marks & Spencer	22
Midland Bk	45
Morgan Grenfell	55
NEI	13
Nat West Bk	65
P & O Dfd	65
Plessey	20
Polly Peck	34
Racal Elect	32
RHM	35
Rank Org Ord	70
Reed Intnl	58
STC	30
Sears	16
TI	37
TSB	12
Tesco	18
Thorn EMI	65
Trust Houses	25
Turner Newall	26
Unilever	62
Vickers	20
Wellcome	42
Property	
Brit Land	30
Land Securities	50
MEPC	48
Peachey	40
Oils	
Brit Petroleum	32
Britoil	33
Burmah Oil	52
Charterhall	10
Premier	11
Shell	125
Tricentrol	11
Ultramar	26
Mines	
Cons Gold	125
Lonrho	28
Rio T Zinc	100

A selection of Options traded is given on the London Stock Exchange Report Page.

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* New time dealings may take place from 9.00 am two business days earlier.

Equities resist adverse influences and FT-SE index closes higher for ninth day in a row

A determined effort to resist the latest international tension succeeded late yesterday and the UK equity market completed nine straight sessions of rising values. Concern over the Gulf situation, following the missile attack on a British-flagged tanker and the US straffing of a suspect Iranian vessel, was a major depressant. But there were others, including a revival of the upward pressures on US interest rates.

Wall Street weakness late on Monday set the early pattern, automatically sending top-quality stocks to lower levels. In the absence of any real selling—profit-taking after the sustained rise had been widely expected—the tone began to improve. Sentiment was also helped by a closer assessment of the **Imperial Chemical Industries'** deal. The group has sold the former Stauffer basic chemical business to Rhone-Poulenc for $522 (£316m).

The main market indices gradually regained most of the losses—the FT-SE 100 share was 13.9 lower at 10.44 am—before turning off again with the New York market. US securities again displayed considerable volatility in the early trade but a subsequent recovery impressed London and the "footsie" index went better to close a net 1.4 up on the day at 2336.2.

Pearson group, which includes ownership of the Financial Times, was the day's best performer. Recent speculation of stake-building exercises proved on target when Rupert Murdoch's **News Corporation** bought 17.5m shares, increasing its stake in the UK conglomerate to 13.5 per cent. The Australian-based group attempted to buy 20m shares but brokers Hoare Govett, part of Security Pacific, fell slightly short on acceptances at 920p per share. The stock was passed on at 925p per share, and News Corporation said "it is the best interests of Pearson that it should continue as an independent entity." It has no intention of making a full bid for Pearson, which rose 104½p to 917p.

Conventional Gilt-edged stocks moved down in sympathy with the US bond market overnight. Book-squaring constituted the best part of the early trade as the market steadied itself for today's first-ever auction of longer-dated stock. Retail interest was slow but warmed up as yields approached 10 per cent, and quotations recovered.

Opinions on the success, or otherwise, of the auction differ widely; the stock in when-issued form traded down to 54.20 before rallying strongly to 55.10 and above late yesterday. Index-linked issues encountered profit-taking and lost ground.

ICI responded to the sale of another part of its US subsidiary Stauffer Chemicals. Rhone-Poulenc, the French state-owned chemicals concern, is paying some $552m (£335m) for the basic chemicals businesses of Stauffer. This leaves ICI with Stauffer agrochemicals, its target when purchasing the US company in July for £1bn from Unilever.

Jinty Price, chemicals analyst with BZW, said ICI had negotiated a very good price for the basic chemicals businesses and, with the sale of three smaller businesses in formulated foods expected to follow realising another $100m, ICI's gearing is expected to fall to below the level indicated at the time of the original Stauffer acquisition.

Pharmaceuticals to consumer products group **Boots** came under selling pressure as a number of analysts revised downwards their profits projections for the year. Boots closed 11 lower at 305p.

Bid speculation and talk that the Hanson Trust stake in Midland Bank had been built up to around 10 per cent shot the latter's shares up 25 to 560p. Another substantial turnover developed including a 2.5m share deal at 541p which was said to have been transacted by Smith New Court. Heavy business in Midland Bank traded options was also reported.

Rumours also suggested that Saatchi and Saatchi, recently rebuffed by Midland during preliminary discussions, may have been involved in arranging underwriting costs for a contested bid for Midland, although this idea was regarded as out of court by many traders. Saatchi and Saatchi shares retreated 17 to 581p.

Midland's performance in the clearing banks was complemented by a general upsurge by the other three leaders. Dealers said the sector had underperformed the rest of the market over the past six to nine months and that the takeover speculation surrounding Midland had given rise to bid talk in all the clearers.

Barclays advanced 20 to 615p with some 3.2m shares changing hands, while **NatWest**—where traders have reported substantial switching from Barclays—jumped 20 more to 743p after news of the proposed offering of 15m new shares to Japanese institutions next month along with an application for a Tokyo listing. **Lloyds**, amid vague talk of a stake-building operation, leapt 27 to 375p. **Standard Chartered** rose 7 to 832p. **Bank of Scotland**, due to announce interim results today, were 3 up at 568p; BZW are going for pre-tax profits of £68m and Wood Mackenzie are forecasting profits of £59m.

Merchant banks picked up strong after an uncertain start. **Kleinwort Benson**, sold down to 505p early on Monday after the £143m rights issue and profits shortfall, rallied to close 24 firmer at 554p. Bid speculation in Brown Shipley tended to die down and the shares gave up 10 to 573p. **Leopold Joseph** spurted 16 to 563p on news that Peel Holdings had increased their stake to 6.13 per cent.

The insurance market remained quiet, traders said, but picked up late in the day. In brokers **Minet Holdings** dropped 14 to 406p following interim profits well below market expectations. They came out at £19.3m against forecasts that ranged up to around £21m.

Business in the Building sector was in low key throughout and prices settled a shade lower for choice. **Blue Circle** slipped 4 to 464p, while **Redland** shed 3 to 508p. **Tarmac** gave up 11 at 295p following comment on the interim results, but **Barratt Developments** attracted support ahead of today's preliminary figures and added 6 to 229p, after 230p; analysts predict pre-tax profits of around £37m. **Bryant Holdings** gained 5 to 145p in reply to excellent annual results, while **Higgs and Hill** rose 35 to 390p reflecting a couple of sizeable buying orders.

ICI provided the firm feature in Chemicals following the deal with Rhone-Poulenc. Elsewhere, **Laporte** found support at 563p, up 16½.

Storehouse continued to hold the limelight among Retailers as the prospect of a hostile bid from Mountleigh, the property group headed by Mr Tony Clegg, stimulated an active turnover in Storehouse shares which attained a day's peak of 387p before settling a penny lower on balance at 383p. The situation was further confused by the announcement that Mr Robert Maxwell, acting via his Bishopsgate Investment Trust, had acquired 10m Storehouse shares on Monday at 383p apiece. The holding, representing some 2.3 per cent of the equity had been acquired "for investment purposes only."

With the exception of **W. H. Smith A**, which met revived demand after a Press mention and put on 3 to 407p, lower values prevailed among Stores. **Marks and Spencer**, dipped 5 to 242p. **Ratners** eased a penny to 379p as the virtually meaningless interim figures were accompanied by news of further expansion in the US; Ratners has agreed terms for the purchase of Westhall, an Ohio-based retail jewellery chain, for $48.5m (£29.4m).

Shoe and Leather counters were featured by **Strong and Fisher** which advanced 13 to 314p in response to the bumper full-year figures.

—**Cable & Wireless** attracted a fresh flurry of buying interest after the proposed re-structuring of its interests in Hong Kong—it owns 80 per cent apiece of Hong Kong Telephone and Cable & Wireless Hong Kong—and the shares added a further 8 to 477p after a turnover of around 9m shares. Analysts said they expected C & W to reduce their stake in the integrated company.

International Signal dipped 2 to 239p and **Ferranti** 2 to 135p on profit-taking after the agreed £540m merger announced on Monday. But talk that STC could step in with a possible counter offer for Ferranti upset STC shares which slipped 4½ more to 301½p. **Racal**, also talked of as a possible counter bidder for Ferranti, eased 2 to 305p with a number of large deals going through the market including one of 2m shares. News that the Pentagon had blocked a move by **Plessey** to acquire US semi-conductor manufacturer Harris, triggered a minor flurry of selling in Plessey whose shares dipped to 206p before closing unchanged at 210p. **Guardian Royal Exchange** confirmed it had recently reduced is stake in the electronics group by over 10m shares to 76.44m shares or 10.357 per cent.

Elsewhere, **Scantronic** jumped 17 more to 192p as a number of brokers uprated their profits forecasts in the wake of the major order from the US worth around $3m. **Atlantic Computers** rose 10 to 744p in the wake of the interim profits, which, at £12.7m, were at the top end of market forecasts.

Rolls-Royce, where the 85p a share call on the shares has to be paid by 3 pm today, slipped 3 to 201p; it was announced yesterday that shares owned by foreigners totalled 16.6 per cent, compared with the maximum permitted level of 15 per cent. The excess shares over 15 per cent are subject, the company said, to disenfranchisement and disposal procedures.

Dee Corporation were an active market and settled 3 cheaper at 205p as some 7.6m shares changed hands including a 2.9m block of shares at 208½p. **Kwik Save**, a rising market recently, eased back to close 3 cheaper at 385p, while **Argyll** softened a penny to 227p. Among Food Manufacturers, **Unigate** fell to 374p prior to closing 9 down at 383p on talk of a profits downgrading by brokers James Capel, but **Hillsdown** were supported following a US presentation to close 9 higher at 335p. **Dalepak** shed 10 to 150p as brokers Scrimgeour Vickers drew attention to the cautious AGM statement.

Among the major international stocks, **BTR** continued to attract support in the wake of traded option activity and firmed 4 to 374p. **BOC**, on the other hand, drifted back to close 8 off at 535p, while **Fisons** shed a similar amount to 337p. **Beecham** were unchanged at 574p, as were Glaxo, at £18. **Norcros** ined 15 to 440p — Japel Capel were reportedly keen buyers, but a broker's recommendation failed to sustain **Reckitt and Colman** which slipped ⅛ to £10⅝.

Christies International rose 29 to 713p in reply to more-than-doubled interim profits, while **Oriflame** gained 25 to 275p despite lower half-year earnings. **British Syphon Industries** shed 10 to 178p following the interim results accompanied by acquisition news, but **Bensons SPG** were again in demand and rose 7 to 83p.

Brent Walker came on offer and shed 8 to 357p, while **Trillion**, the USM-quoted company which provides outside broadcasting facilities in which BW recently acquired a 27.3 per cent holding, fell 8 to 162p in sympathy.

Trading statements among Paper/Printings met with a contrasting response. First-half profits from **Filofax** matched up to expectations and following a maiden interim dividend of 0.75p per share the close was 5 to the good at 203p. **Bemrose**, however, provided rather a disappointment, the 23 per cent increase in mid-term profits falling short of estimates, and the shares dipped 16 to 328p.

Leading Properties had a very quiet session, but prices, after easing initially, perked up late to close virtually unchanged on the day. Secondary issues displayed a couple of bright features with **Helical Bar**, recently the subject of a newsletter recommendation, rising 15 to 327p. **Citygrove** firmed 5 to 300p following half-year figures, but **Clayform** shed 10 to 363p, the good interim results discounted. Dealings in **Marler Estates** were suspended at £12½, down 1; market rumours suggested that the company is about to embark on a reverse takeover of another publicly-quoted property company.

Textiles highlighted revived speculative demand for **Atkins Brothers**, the Leicester-based hosiery and knitwear group, which advanced 25 to 410p; funds managed by Smith and Williamson Securities now control close to 9 per cent of the equity.

Rothmans International eased a few pence to 438p as BZW reiterated their "take-profits" advice in the wake of the worse-than-expected results from the group's 50 per cent-owned Singapore associate.

ERIC moved up 20 to 300p following the revelation that the company is engaged in talks with TR Energy—owner of a 25 per cent stake in ERIC—which are expected to lead to an agreed bid for ERIC.

Lively conditions prevailed among traded options with 43,160 contracts struck. **British Airways** were well to therefore and attracted 4,105 calls, most of which were traded in the October 170 and 180 series which recorded 1,000 and 1,122 trades respectively and the January 220's with 1,592 calls done. Monday's favourite **Hanson Trust** continued to occupy operators' attentions with 3,240 calls and 1,096 puts done, 1,088 of the former transacted in the September 180 series which will expire today.

FINANCIAL TIMES STOCK INDICES

	Sep. 22	Sep. 21	Sep. 18	Sep. 17	Sep. 16	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	86.60	86.87	86.65	85.92	85.33	85.88	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.21	92.41	91.96	91.72	91.63	92.76	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1831.8	1837.3	1833.2	1812.0	1790.2	1262.2	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	447.7	438.3	439.2	442.7	447.2	317.9	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.19	3.19	3.20	3.24	3.27	4.40				
Earnings Yld.%(full)	7.81	7.82	7.84	7.93	8.01	10.14				
P/E Ratio (net) (*)	15.66	15.65	15.60	15.43	15.27	12.09				
SEAQ Bargains (5 pm)	35,829	41,348	40,276	36,407	31,098	—				
Equity Turnover (£m)	—	—	1890.21	2464.44	1584.36	525.55				
Equity Bargains	—	—	43,822	39,485	35,816	21,304				
Shares Traded (ml)	—	—	609.4	603.7	495.9	233.1				

S.E. ACTIVITY

Indices	Sep.21	Sep.18
Gilt Edged Bargains	—	146.5
Equity Bargains	—	283.9
Equity Value	—	3820.6
5-Day Average		
Gilt Edged Bargains	—	113.1
Equity Bargains	—	274.7
Equity Value	—	3481.2

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1827.4	1827.8	1822.7	1824.4	1826.9	1827.9	1827.0	1827.0

Day's High 1831.8 Day's Low 1821.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, * Nil=15.41.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (81)

AMERICANS (2), BANKS (2), BUILDINGS (4), CHEMICALS (5), STORES (3), ELECTRICALS (4), ENGINEERING (3), FOODS (3), INDUSTRIALS (17), INSURANCE (1), LEISURE (2), MOTORS (1), NEWSPAPERS (1), PAPERS (5), PROPERTY (3), TEXTILES (2), TRUSTS (10), OILS (2), PLANTATIONS (1), MINES (10).

NEW LOWS (9)

AMERICANS (4) Allegheny & West, Chemicals New York, Colts Inds, Gt Am First Savings Bk, STORES (1) Limited, ELECTRICALS (1) DDT, TRUSTS (1) Liberty All-Star, OILS (1) Chevron, MINES (1) Aquarius Expln.

Traditional Options

- First dealings Sept 21
- Last dealings Oct 2
- Last declaration Dec 17
- For Settlement Dec 28

For rate indications see end of London Share Service

Money was given for the call of Rotaprint, Argyle Trust, Goodwin, T. Cowie, Ennex International, Aitken Hume, Barratt Developments, Greenwich Resources, Central Securities, Astra Holdings, Blacks Leisure, Tie Rack and Eagle Trust. Put options were taken out in New Cavendish Estates and Astra Holdings, while a double was done in Barratt Developments.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,300	205	+1	Ladbroke	797	462	−2
Allied Lyons	3,050	428	−4	Land Securities	908	607	−2
Amstrad	1,600	175	−1	Legal & Gen.	1,200	354	−5
Argyll Group	1,100	227	−1	Lloyds Bank	2,900	375	+27
Assoc. Brit. Foods	2	346	−2	Lonrho	2,800	315	−2
BAT	828	687	−3	Lucas	839	773	−4
BET	833	277	—	MEPC	561	565	−4
BICC	449	425	−2	Marks & Spencer	3,900	242	−5
BOC	1,400	535½	−7½	Midland Bank	7,200	560	+25
BPB Inds	1,500	338	+2	Natwest Bank	2,600	743	+20
BPCC	676	363	+1	Next	2,000	370	−1½
BTR	4,400	374	+4	Pearson	36,000	917	+104½
Barclays	3,200	615	+20	P & O	938	738	+10
Bass	1,200	£10	−0¼	Pilkington Bros	3,700	318	+6
Beecham	1,400	574	—	Plessey	9,000	210	—
Blue Circle	382	464	−4	Prudential	566	£10⅞	—
Boots	6,300	305	−11	Racal	3,300	305	−2
Brit. Airways	2,600	220	+2	Rank Org.	564	700	−2
Brit. Aero	1,200	514	—	RHM	762	341	−5
Brit. & Comm.	611	517	−1	Reckitt & Col	615	£10⅝	−0⅛
British Gas	7,900	177½	+0½	Redland	1,300	508	−3
Britoil	4,400	316	+2	Reed Intl.	2,000	558	+16
BP	10,000	372½	−1	Reuters	560	907	−5
Brit. Telecom	7,400	260	−3½	RMC	78	491	−1
Bunzl	282	225	—	RTZ	1,400	£13⅛	—
Burton	2,000	296	—	Rolls-Royce	3,800	201	−3
Cable & Wire	8,900	477	+8	Rowntree	406	552	+4
Cadbury Schweps	1,300	279	−2	Ryl Bank Scotland	474	390	−1
Coats Viyella	935	396	+4	Royal Insurance	800	585	−3
Comm. Union	3,400	412	+3½	STC	2,200	301½	−4½
Cons. Gold	1,700	£14⅛	−0½	Saatchi & Saatchi	1,400	584	−14
Cookson	282	808	+3	Sainsbury	518	278	−2
Courtaulds	1,900	504	−4	Scott & Newcastle	1,500	254	−2
Dee Corpn	7,600	205	−2	Sears	1,000	167½	−1
Dixons Group	545	378	−4	Sedgwick	1,400	284	—
English China Clays	495	535	+2	Shell Trans	2,000	£13¾	+0⅛
Fisons	2,800	337½	−7½	Smith & Nephew	1,700	194	+3
Gen. Accident	134	£11¼	−0⅛	Standard Chart	849	832	+7
Gen. Elect.	3,100	213	−3	Storehouse	16,000	383	−1
Glaxo	1,000	£17⅞	—	Sun Alliance	132	£11⅛	−0⅛
Globe Investment	223	186¼	−0½	TSB	2,700	143½	—
Granada	100	355	−1	Tarmac	1,800	295	−11
Grand Met	1,700	576	−4	Tesco	1,000	197	—
GUS "A"	907	£14⅛	+8	Thorn EMI	2,400	692	+6
Guardian R.E.	91	£10¼	—	Trafalgar House	1,500	395	+2
GKN	1,900	406	+1	T'house Forte	1,200	253	−2
Guinness	3,100	362	−4	Ultramar	1,100	280	+4
Hammerson	82	670	−10	Unigate	2,600	383	−9
Hanson Trust	7,600	182½	−0½	Unilever	1,000	637	−1
Hawker Sidd	152	587	−1	United Biscuits	547	322½	−2½
Hillsdown Hldgs	5,300	335	+9	Wellcome	2,000	518	—
ICI	3,000	£16⅛	+0⅛	Whitbread "A"	1,500	329	−2
Jaguar	328	562	−2	Woolworth	1,100	361	+3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	94	7
Corporations, Dominion and Foreign Bonds	4	20	29
Industrials	300	650	636
Financial and Properties	86	244	286
Oils	27	36	51
Plantations	3	4	7
Mines	57	44	89
Others	61	117	57
Totals	549	1,209	1,162

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Sep 22 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon Sep 21 Index No.	Fri Sep 18 Index No.	Thu Sep 17 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (211)	981.72	−0.3	7.17	2.86	17.49	16.46	984.96	980.25	968.78	676.31
2	Building Materials (30)	1210.69	−0.3	7.72	2.95	16.15	19.29	1214.54	1209.65	1187.57	794.11
3	Contracting, Construction (33)	1833.88	+0.1	6.70	2.70	19.94	23.82	1832.37	1838.16	1811.01	1199.85
4	Electricals (12)	2512.11	−0.8	5.10	2.68	25.06	45.17	2531.36	2542.59	2493.31	1780.93
5	Electronics (35)	2061.10	−0.8	7.80	2.43	16.71	33.84	2076.79	2058.13	2043.11	1468.39
6	Mechanical Engineering (59)	522.21	−0.4	7.63	3.26	16.48	9.96	524.09	523.73	518.52	369.19
8	Metals and Metal Forming (7)	569.16	−0.5	7.85	2.87	17.22	8.88	572.03	576.55	573.55	347.93
9	Motors (14)	398.69	−0.9	7.33	2.79	15.98	5.47	402.17	402.77	396.69	275.34
10	Other Industrial Materials (21)	1736.80	+0.3	6.02	3.02	19.72	34.34	1731.35	1704.25	1689.88	1244.36
21	CONSUMER GROUP (183)	1358.79	−0.4	6.05	2.56	21.03	16.92	1356.20	1351.80	1337.32	926.47
22	Brewers and Distillers (22)	1209.32	−1.1	8.38	3.04	15.09	15.80	1222.59	1224.31	1208.58	989.98
25	Food Manufacturing (24)	1813.86	−0.3	7.27	3.06	17.76	16.23	1816.79	1820.31	1819.42	692.75
26	Food Retailing (16)	2486.16	−0.4	5.75	2.34	23.14	36.70	2496.77	2480.41	2455.57	1937.35
27	Health and Household Products (10)	2635.09	−0.1	3.93	1.54	29.48	16.41	2637.63	2618.19	2589.51	1531.35
29	Leisure (31)	1415.51	−0.2	5.80	3.12	21.53	24.82	1418.87	1411.91	1403.61	918.18
31	Packaging & Paper (15)	674.57	+0.1	6.26	2.70	21.05	10.02	673.86	673.21	671.15	466.82
32	Publishing & Printing (13)	4782.58	+0.7	4.30	2.97	29.83	59.63	4749.66	4715.29	4657.73	2641.47
34	Stores (36)	1118.33	−0.9	6.36	2.61	21.29	13.78	1119.91	1112.09	1094.27	871.89
35	Textiles (16)	871.81	−0.1	7.24	2.64	16.00	12.07	873.12	872.76	863.66	537.88
40	OTHER GROUPS (89)	1157.19	+0.4	7.51	3.06	16.60	19.86	1152.88	1145.06	1133.84	760.19
41	Agencies (18)	1721.77	−0.6	3.50	1.31	37.58	15.18	1732.46	1715.85	1719.72	0.0
42	Chemicals (21)	1507.55	+1.7	6.51	3.04	18.79	31.59	1482.58	1482.09	1464.52	983.41
43	Conglomerates (12)	1478.28	+1.5	7.01	3.18	16.32	21.92	1456.65	1446.35	1449.63	0.0
45	Shipping and Transport (12)	2387.65	+0.5	7.06	3.44	18.60	41.05	2375.06	2372.72	2318.77	1469.42
47	Telephone Networks (2)	1070.95	−0.6	9.47	3.77	14.09	18.98	1077.68	1061.25	1052.84	746.85
48	Miscellaneous (24)	1725.51	−0.3	8.79	2.71	13.58	32.20	1731.52	1724.92	1691.94	1051.45
49	INDUSTRIAL GROUP (483)	1217.31	−0.2	6.74	2.77	18.69	18.10	1219.36	1213.40	1200.73	827.46
51	Oil & Gas (17)	2229.79	+0.1	7.44	4.35	16.62	64.58	2226.76	2252.79	2242.31	1356.27
59	500 SHARE INDEX (500)	1303.33	−0.1	6.84	3.00	18.36	22.11	1304.95	1301.67	1289.18	872.36
61	FINANCIAL GROUP (118)	863.62	+0.7	−	3.56	−	17.49	857.42	857.40	846.71	597.10
62	Banks (8)	866.86	+3.2	15.41	4.49	8.58	25.65	839.52	837.00	828.00	664.95
65	Insurance (Life) (9)	1183.18	−0.4	−	3.74	−	22.60	1188.34	1188.01	1164.81	842.84
66	Insurance (Composite) (7)	675.59	−0.3	−	4.08	−	13.50	677.75	678.53	669.68	464.42
67	Insurance (Brokers) (8)	1180.40	−0.7	9.43	4.84	13.58	32.85	1188.12	1218.79	1222.13	1197.96
68	Merchant Banks (11)	493.58	+0.5	−	2.77	−	7.77	490.94	495.35	493.60	333.65
69	Property (47)	1332.41	−0.4	3.64	2.23	35.51	14.24	1338.18	1335.66	1316.67	750.37
70	Other Financial (28)	580.64	−0.1	5.74	2.64	22.07	8.27	580.99	578.46	569.69	342.12
71	Investment Trusts (91)	1174.56	−0.4	−	2.08	−	14.12	1178.96	1176.06	1168.36	776.43
81	Mining Finance (2)	685.79	−1.4	6.66	2.55	17.05	6.79	695.85	699.53	703.22	298.93
91	Overseas Traders (10)	1263.04	−0.4	7.17	3.73	16.55	29.58	1268.52	1268.53	1240.64	676.86
99	ALL-SHARE INDEX (721)	1198.52	—	−	3.05	−	20.50	1198.84	1188.42	1176.85	794.39

	Index No.	Day's Change	Day's High	Day's Low	Sep 21	Sep 18	Sep 17	Sep 16	Sep 15	Year ago
FT-SE 100 SHARE INDEX ‡	2334.8	+6.5	2335.5	2328.2	2328.3	2304.5	2279.8	2264.5	2271.8	1610.0

FIXED INTEREST

PRICE INDICES

	British Government	Tue Sept 22	Day's change %	Mon Sept 21	xd adj. today	xd adj. 1987 to date
1	5 years	120.87	+0.01	120.86		

AVERAGE GROSS REDEMPTION YIELDS

	British Government		Tue Sep 22	Mon Sep 21	Year ago (approx.)
1	Low	5 years	9.41	9.40	9.27
2	Coupons	15 years	9.65	9.64	9.99
3		25 years	9.54	9.50	10.01
4	Medium	5 years	10.08	10.07	10.77
5	Coupons	15 years	9.91	9.87	10.31

‡Opening index 2327.0; 10 am 2329.8; 11 am 2323.1; Noon 2325.8; 1 pm 2331.1; 2 pm 2332.8; 2.30 pm 2329.0; 3.30 pm 2326.2; 4 pm 2329.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*429)	390	45	58	70	2	6	12
	420	23	38	50	10	18	23
	460	5	18	32	35	43	47
Brit. Airways (*220)	190	32	—	—	2	—	—
	200	23	33	39	3½	9	12
	220	9	22	31	8½	21	22

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Guinness (*361)	330	35	53	58	4	10	14
	360	20	33	40	17	22	28
	390	9	20	27	35	40	43
Ladbroke (*461)	420	—	63	73	—	11	17
	443	32	—	—	11	—	—
	460	20	37	48	20	25	35

September 22. Total Contracts 43,160. Calls 32,521. Puts 10,635. FT-SE Index Calls 1,083. Puts 1,051. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

Sep. 22	Price Sch%	+ or −
Creditanstalt	2230	+30
Goesser	3980	−70
Interunfall	13000	+530
Jungbunzlauer	8920	+110
Laenderbank	2065	+15
Perlmooser	740	−10
Steyr-Daimler	129	+6
Veitscher Mag	900	+3

BELGIUM/LUXEMBOURG

Sep. 22	Price Frs.	+ or −
B.B.L.	3200	......
Banque Gen. Du L.	14650	−125
Bank Int. A	14300	......
Bekaert B	10750	−150
Ciment CBR	6600	+160
Cockerill	177	−1
Cobrayt	11600	......
Delhaize	4450	−50
EBES	4750	......
Fabrique Nat	1480	+30
GB Inno BM	1302	......
GBL (Brux) L	3965	+15
Generale Bank	6310	−20
Gevaert	8000	......
Hoboken	8370	−20
Intercom	3770	−20
Kredietbank	4480	−20
Pan Holdings	13500	......
Petrofina	13025	......
Raffinerie Tirle	1725	−25
Royale Belge	6010	−20
Soc Gen Belge	3710.00	......
Sofina	14600	−100
Solvay	15900	+225
Stanwick Intl.	550	......
Tractebel	7600	−50
UCB	10600	+50
Wagons Lits	5710	−70

DENMARK

Sep. 22	Price Kr %	+ or −
Baltica Hldgs.	1060	−10
Cop Handelsbank	248	−2
D. Sukkerfab	309	+4
Den Danske Bank	338	−3
East Asiatic	197	−3
Forenede Bryg	920	......
GNT Holding	240	−7
I.S.S.B. Systems	810.00	......
Jyske Bank	530	......
Novo Inds.*	220	−2
Privatbanken	259	−5
Sophus Berendsen	1010	−10
Superfos	250.00	......

FINLAND

Sep. 22	Price Mkk	+ or −
Amer	256	+6
KOP	60.75	−0.2
Kone	250.5	+4.5
Finnish Sugar	86.5	+0.25
Kymmene	135.5	......
Nokia	243	−2.5
Pohjola 'B'	122.5	+0.5
Rauma-Repola	33.9	+0.15
Stockmann 'B'	288	−3
UBF 'C'	36	−0.25
Utd. Paper	158.5	......
Wartsila (x11)	251.5	......

FRANCE

Sep. 22	Price Frs.	+ or −
Emprunt 4½% '73	1869	......
Emprunt 7% 1973	9025	......
Accor	461.00	−9
Agence Havas	548.00	−2
Air Liquide	684	−13
Alcatel	2390	−35
BIC	785	−13
BNP (Cert. Inv.)	455	−9
Bongrain	2815	−75
Bouygues	1178	+8
BSN Gervais	5330	−30
Carrefour	3414	−6
Club Mediterranee	636.00	−6
Cie Bancaire	701	−26
Cofimeg	321.00	......
CGE	336.7	......
Damart	3000	−50
Darty	468.00	+5
Dumez S.A.	1127	−10
Eaux (Cie Gen)	1285	−30
Elf-Aquitaine	359.50	+1.4
Essilor	3870	−70
Gen. Occidentale	1135	−30
Imetal	189.00	−1
Lafarge Coppee	1737	−2
L'Oreal	3880	−110
Legrand	3270.00	−58
Maisons Phenix	73.00	−3
Matra S.A.	2208	+18
Michelin B	331	−9
Midi (Cie)	1358	−18
Moet-Hennessy	2865	−25
Moulinex	83.00	+1
Nord Est	156.80	−0.4
Paribas	432.00	......
Pernod Ricard	970.00	−9
Perrier	871	−16
Petroles Fra	417	−9
Peugeot S.A.	1624	−12
Printemps Au	742	−8
Radiotech	1760	−50
Redoute	3400	+5
Roussel-Uclaf	1500	−1
St. Gobain	517.00	−3
Sefimeg	427	+2
Skis Rossignol	1255	−6
Telemech Elect	3605	−5
Thomson (CSF)	1335	+1
Valeo	681.00	−15

GERMANY

Sep. 22	Price Dm.	+ or −
AEG	335.20	−0.3
Allianz Vers	2050.00	−8
BASF	336.50	+1.2
Bayer	356.50	−0.8
Bayer-Hypo	512.50	+1.5
Bayer-Verein	480.00	−2
BHF-Bank	474.00	+2
BMW	728.00	−1
Brown Boveri	350.50	−0.5
Commerzbank	300.50	+1.5
Cont'l Gummi	330.60	−4.9
Daimler-Benz	1069.00	+1
Degussa	528.00	+5
D'sche Babcock	294.00	−1
Deutsche Bank	691.80	......
Dresdner Bank	360.00	+1.5
Feldmuehle Nobel	519.00	−1
Henkel	580.50	+0.5
Hochtief	685.00	−5
Hoechst	320.80	+0.3
Hoesch Werke	125.80	−1.2
Holzmann (P)	405.00	+4
Horten	230.50	−4.4
Hussel	663.00	−1
Karstadt	578.00	−2
Kaufhof	505.00	−2
KHD	186.50	......
Kloeckner Werke	143.00	......
Linde	739.00	+2
Lufthansa	171.00	−3
MAN	190.90	+1.5
Mannesmann	174.70	−1.3
Mercedes Hld.	942.00	−2
Metallgesell	364.00	−1
Muench Rueck	2050.00	−10
Nixdorf	823.00	+1.5
Porsche	984.00	+4
Preussag	195.50	−2.5
Rhein West Elect	299.50	+0.5
Rosenthal	296.00	−2
Schering	616.00	+7.8
Siemens	656.50	+2.3
Thyssen	132.00	−0.5
Varta	368.00	+4
Veba	313.00	−1.8
V.E.W.	167.20	−0.3
Verein-West	460.00	......
Volkswagen	395.00	−3

ITALY

Sep. 22	Price Lire	+ or −
Banca Com'le	2950	+50
Bastogi-IRBS	415.00	+6.5
CIR	5202	+6
Credito Italian	1805	......
Fiat	10700	+90
Generali Assicur	104975	+1125
Italcementi	109200	+1200
La Rinascente	1065	+18
Montedison	2242	−98
Olivetti	11550	+130
Pirelli Co	5870	+25
Pirelli Spa	4430	+40
Saipem	3650	+35
Snia BPD	3159	+10
Toro Assic	27470	+470

NETHERLANDS

Sep. 22	Price Fls.	+ or −
ACF Holding	58.30	−0.7
AEGON	86.00	−0.8
Ahold	104.80	−1
AKZO	174.50	−1.6
ABN	46.70	−0.7
AMEV	57.80	−0.7
AMRO	81.70	−1.3
Buehrmann-Tet	62.20	+0.1
Dordtsche Pet	232.0	−3
Elsevier	60.70	−0.3
Fokker	57.80	......
Gist Brocades	46.60	−0.7
Heineken	173.30	−2.2
Hoogovens	46.50	−0.9
Hunter Douglas	62.10	......
IHC Caland	23.00	−0.5
Int Mueller	66.00	−1
KLM	51.30	−0.6
KNP	160.50	−1
Nat Ned Cert	70.50	−3.1
Ned Mid Bank	158.50	−3
Ned Lloyd	189.00	−3.5
Oce Grinten	422.00	−6
Ommeren (Van)	33.90	−0.3
Pakhoed	83.90	−0.6
Philips	50.30	−0.7
Robeco	108.00	−0.7
Rodamco	143.40	+0.2
Rolinco	103.60	−0.4
Rorento	51.90	+0.1
Royal Dutch	254.20	−3.8
Unilever	135.50	−3.2
VMF Stork	21.70	−0.1
VNU	91.70	−2.5
Wessanen	86.50	−0.4
Wolters Kluwer	134.50	−2

NORWAY

Sep. 22	Price Kroner	+ or −
Aker-Norcem	98.5	−3
Bergen bank	243.00	−4
Bergesen B	450.00	−19
Christiania Bk	258.00	−3.5
Den Norsk Credit	202.50	−4
Elkem	157.00	−8.5
Hafslund	650.00	......
Kosmos	175.00	......
Kvaerner	338.00	+9
Norsk Data	239.00	−1
Norsk Hydro	259.50	+4.5
Orkla Borregaard	602.50	−12.5
Storebrand	437.50	−7

SPAIN

Sep. 22	Price Pts. %	+ or −
Alcazar	640.00	......
Banco Bilbao	1883.00	......
Banco Central	1135	......
Banco Exterior	573.00	−20
Banco Hispano	830.00	−19
Banco Popular	2055.00	−25
Banco Santander	1265.00	......
Banco de Vizcaya	2015.00	−10
Banesto	1255.00	......
Dragados	792.00	......
Hidrola	98.00	−5
Iberduero	129.00	−5
Petroleos	744.00	−28
Telefonica	223	−7.2

SWEDEN

Sep. 22	Price Kronor	+ or −
AGA (free)	225	+3
Alfa-Laval	358	−2
ASEA (Free)	438	−1
Astra B (Free)	265	−4
Atlas Copco	206	+6
Beijer A Fria	233	......
Cardo (Free)	328	......
Cellulosa	338	−3
Electrolux B	333	+1
Ericsson	238	+5
Esselte	201	−4
Mo Och Domsjo	475	+5
Pharmacia	241	+2
Saab-Scania (free)	293	+3
Sandvik	207.00	......
Skandia Ins	209.00	......
Skandia Intl.	279	−3
Skan Enskilda	153	+1
SKF	378	+6
St. Kopparbergs	420	+1
Svka Handelsbn	540	......
Swedish Match	112	−2
Volvo B (Free)	406	−2

SWITZERLAND

Sep. 22	Price Frs.	+ or −
Adia Intl.	12800	−150
Alusuisse	876	+3
Bank Leu	3825	−75
Brown Boveri	2955	+5
Ciba Geigy	4040	−10
do. (PtCts)	2780	−10
Credit Suisse	3390	−20
Elektrowatt	4150	−25
Fischer (Geo.)	1720	−25
Hoff-Roche (Pt Cts)	153500	+250
Hoff-Roche 1/10	15375	+50
Jacobs Suchard	10900	+25
Jelmoli	3825	−25
Landis & Gyr	1960	−20
Nestle	11000	−75
Oer-Buhrle	1585	+5
Pargesa Hldg	2960	−20
Pirelli	440	−7
Sandoz (Br)	15250	−25
Sandoz (PtCts)	2550	......
Schindler (PtCts)	925	+5
Sika	775	......
Surveillance	6600	−100
Swissair	1330	−30
Swiss Bank	502	+2
Swiss Reinsce	17850	+150
Swiss Volksbk	2300	−20
Union Bank	4890	......
Winterthur	6625	−25
Zurich Ins	7175	−50

AUSTRALIA

Sep. 22	Price Aust.$	+ or −
ACI Int.	4.45	−0.05
A.F.P.	4.35	+0.05
Adelaide Steams	11.40	−0.15
Amcor	5.76	−0.04
ANZ Group	5.78	−0.06
Ampol Pet	4.00	−0.05
Ariadne Aust	2.80	−0.08
Ashton	3.60	−0.1
Aust Guarant	3.90	−0.1
Aust Nat Inds	2.68	−0.07
Bell Group	10.35	−0.15
Bell Resources	5.54	−0.04
Bond Corp Hldgs	2.85	+0.05
Boral	6.74	−0.2
B'ville Copper	5.40	−0.1
Brambles Inds	11.80	−0.15
Bridge Oil	1.75	+0.05
BHP	10.80	−0.05
BHP Gold	1.78	+0.01
Burns Philp	5.90	......
CRA	11.30	−0.15
CSR	4.65	−0.03
Chase Corp	4.40	......
Claremont Petro	1.01	+0.01
Coles Myer	9.30	+0.1
Comalco "A"	5.36	+0.16
Consolidated Pet	0.23	+0.02
Costain Aust	4.00	......
Elders IXL	5.80	−0.06
Energy Res	2.78	......
Gen Prop Trust	3.62	−0.03
Goodman Fielder	5.36	−0.04
Hardie (J.)	4.90	−0.05
Hartogen Energy	3.00	−0.05
ICI Aust	6.00	......
Industrial Equity	6.82	−0.12
Jimberlana (50cFP)	0.68	......
Jones (David)	14.90	......
Kia Ora Gold	1.05	......
Kidston Gold	7.80	−0.2
Lend Lease	18.50	−0.1
MIM	3.50	−0.05
Mayne Nickless	6.70	......
Nat. Aust. Bank	6.20	−0.04

AUSTRALIA (Continued)

Sep. 22	Price Aust.$	+ or −
News	23.30	−0.3
Noranda Pacific	4.85	+0.05
North Bkn Hill	4.75	......
Oakbridge	0.50	......
Pacific Dunlop	6.18	−0.02
Pancont'l	3.95	......
Pioneer Conc	4.75	−0.03
Placer Pacific	4.00	−0.18
Poseidon	6.70	......
Queensland Coal	1.58	+0.01
Santos	7.00	−0.16
Smith (H.)	5.10	......
Thos Nationwide	6.88	−0.1
Tooth	9.10	+0.1
Vamgas	3.60	......
Western Mining	9.50xr	−0.06
Westpac	6.90	......
Woodside Petrol	2.20	......
Woolworths	3.45	−0.1
Wormald Intl	3.35	......

HONG KONG

Sep. 22	Price H.K.$	+ or −
Bank East Asia	31.75	−0.25
Cathy Pacific	8.10	−0.05
Cheung Kong	12.40	−0.1
China Light	28.20	+0.8
Evergo	0.98	+0.04
Hang Lung	19.00	......
Hang Seng Bank	46.25	−0.25
Henderson Land	7.10	−0.05
Hong Kong China	20.40	−0.2
HK Electric	10.10	+0.25
HK Land	8.40	−0.05
HK Shanghai Bank	10.60	+0.1
HK Telephone	17.20	......
Hutchison Wpa	14.10	......
Indust Equity P	31.00	......
Jardine Math	22.30	+0.1
New World Dev	14.90	......
SHK Props	18.70	+0.6
Shell Elec. Mfg.	2.57	+0.17
Swire Pac A	26.30	−0.3
TV-B	16.30	+0.2
Wharf Hldgs	10.70	+0.6
Windsor Ind	14.50	−0.3
World Int Hldgs	4.82	+0.07

JAPAN

Sep. 22	Price Yen	+ or −
Ajinomoto	3100	−20
All Nippon Air	2000	−50
Alps Electric	2370	−60
Asahi Chemicals	1200	−40
Asahi Glass	2010	−20
Bank Tokyo	1540	......
Bridgestone	1200	−20
Brother Inds.	663	+2
Canon	1070	−20
Casio Computers	1230	−20
Chugai Pharm	1850	−60
Daiei	1610	+30
Dai Ichi Kan Bank	3190	+10
Dai Nippon Ink	821	−22
Dai Nippon Ptg	2260	+60
Daiwa House	1890	−10
Daiwa Sec	3010	−10
Eisai	2160	+10
Fanuc	6390	+140
Fuji Bank	3010	+10
Fuji Film	4990	−40
Fujisawa	2100	−10
Fujitsu	1990	......
Furukawa Elect	900	+5
Green Cross	2720	−60
Heiwa Real Est	1920	−50
Hitachi	1370	+50
Hitachi Credit	1550	−30
Honda	1540	−20
Indl Bank Japan	3090	−90
Ishikawajima Ha	674	+22
Isuzu Motors	463	+3
Itoh (C)	708	−5
Ito Yokado	3780	−50
JAL	15900	+200
Jusco	1430	−20
Kajima	1660	......
Kao Soap	2050	......
Kawasaki Steel	338	+12
Kirin	2240	+20
Kobe Steel	331	+12
Komatsu	740	+1
Konishiroku	895	−5
Kubota	614	+4
Kumagai	1040	......
Kyoto Ceramic	6530	−20
Marubeni	501	−5
Marui	3080	−20
Mazda Motors	447	+1
Meiji Seika	1080	......
MEI	2510	−10
M'bishi Bank	2950	+90
M'bishi Chem	1120	−20
M'bishi Corp	1390	−20
M'bishi Elec	682	+17
M'bishi Estate	2390	−10
MHI	692	+17
Mitsui Bank	2420	−50
Mitsui Co	796	−11
Mitsui Estate	2020	−20
Mitsui Toatsu	767	+10
Mitsukoshi	1640	+20
NGK Insulators	1000	......
Nikko Sec	2100	−40
Nippon Denso	1500	......
Nippon Elect	2110	+10
Nippon Express	1110	......
Nippon Gakki	1800	......
Nippon Kogaku	1170	......
Nippon Kokan	363	+13
Nippon Oil	1330	+30

JAPAN (Continued)

Sep. 22	Price Yen	+ or −
Nippon Seiko	627	+6
Nippon Shimpan	1180	......
Nippon Steel	420	+23
Nippon Suisan	599	−9
Nippon Yusen	623	+7
Nissan Motor	799	+8
Nisshin Flour	1370	......
Nomura	4240	+30
Olympus	1170	+20
Onoda Cement	770	−10
Orient Finance	1560	......
Orient Leasing	3720	−80
Pioneer	3060	−70
Ricoh	1370	+50
Sankyo	1700	−20
Sanwa Bank	2780	+10
Sanyo Elect	536	−7
Sapporo	1780	−10
Sekisui House	1980	+10
Seven-Eleven	7880	−100
Sharp	1280	+20
Shimizu Const	995	......
Shionogi	1630	−10
Shiseido	2140	+10
Showa Denko	702	......
Sony	5000	−20
Sumitomo Bank	3580	−30
Sumitomo Chem	933	−1
Sumitomo Corp	1010	+10
Sumitomo Elect	1750	−10
Sumitomo Metal	321	+20
Sumitomo Tr. & Bk	3270	−50
Taisei Corp	996	+1
Taisho Marine	1140	+30
Taiyo Kobe Bank	1450	−50
Takeda	3200	......
TDK	4940	−20
Teijin	890	......
Toa Nenryo Kyo	1990	+10
Tokai Bank	2110	−40
Tokyo Marine	2030	−10
Tokyo Elect Pwr	6250	+150
Tokyo Gas	990	+10
Tokyu Corp	1390	+10
Toppan Print	1670	+70
Toray	907	−1
Toshiba Elect	759	+24
Toyo Seikan	2640	−60
Toyota Motor	1960	......
UBE Inds	485	−1
Victor	2800	−20
Yamaha	1070	−90
Yamaichi Sec	2150	−40
Yamanouchi	4150	−60
Yamazaki	1520	......
Yasuda Fire	1060	−20

SINGAPORE

Sep. 22	Price $	+ or −
Boustead Hldgs	1.84	+0.09
Cerebos Pacific	7.55	−0.1
Cold Storage	5.15	+0.19
DBS	16.10	+0.3
Genting	6.75	−0.05
Haw Par Bros	6.15	......
Hong Leong Fin.	4.34	+0.14
Inchcape Bhd	6.10	......
Keppel Shipyard	3.86	+0.04
Malay Banking	7.65	+0.25
Malayan Utd. Ind.	2.39	+0.02
Multi Purpose	0.60	......
OCBC	9.80	+0.1
OUB	5.15	+0.1
Public Bank	2.62	+0.09
Sime Darby	3.22	+0.06
Singapore Air	14.30	+0.3
Singapore Press	10.40	+0.2
Straits Trading	5.15	−0.05
Tat Lee Bank	4.20	+0.08
UOB	7.40	+0.1

SOUTH AFRICA

Sep. 22	Price Rand	+ or −
Abercom	3.00	+0.2
AE & CI	17.00	......
Allied Tech	162.00	+2
Anglo Am Coal	41.00	......
Anglo Am Corp	88.50	−0.25
Anglo Am Gold	399.00	−5.2
Barclays Bank	24.00	+0.75
Barlow Rand	28.00	+1.5
Buffels	72.50	+2.5
CNA Gallo	6.70	......
Currie Finance	5.50	......
De Beers	51.50	−0.5
Driefontein	88.75	−0.25
Freegold	55.25	+1.75
Gold Fields SA	96.25	+1.25
Highveld Steel	7.40	......
Malbak Hldgs	27.00	......
Nedbank	7.40	......
OK Bazaars	17.75	......
Rembrandt	14.15	+0.15
Rust Plat	58.87	−0.13
Safren	32.50	−1
Sage Holdings	17.25	......
SA Brewers	24.65	+0.15
Smith (C.G.)	47.00	......
Tongaat Hulett	15.75	−0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng

Continued from Page 47

CANADA

TORONTO

Prices at 2.30pm

Sales	Stock	High	Low	Close	Chng
45346	AMCA Int	$12⅝	12½	12½	−⅛
7316	Abitibi Pr	$31⅞	31	31	−⅞
2700	Agnico E	$35½	35¼	35⅜	−¼
63494	Albrta En	$21⅝	21½	21⅝	
5300	Albrta N	$15⅝	15	15⅝	+⅛
310920	Alcan	$46½	45⅝	45¾	−⅜
823	Algoma St	$19⅝	19⅝	19⅝	
8300	Asamera	$11¾	11⅝	11⅝	−⅛
3000	Atco I f	$12⅛	12	12⅛	+⅛
18732	Bk BCol	74	73	73	
2900	BC Sugar A	$28¼	28¼	28¼	
1580	BGR A	$14½	14½	14½	+⅛
335	BP Canada	$23⅝	23⅝	23⅝	−⅜
6200	Banister C	$13¾	13¾	13¾	−⅛
128779	Bk Montl	$31⅞	31½	31⅝	−⅛
687536	Bk NScot	$16½	16	16¼	−¼
80385	Bell Can	$38½	38⅛	38⅜	−⅛
27133	Bow Valy	$18¼	18⅛	18⅛	−⅛
800	Bralorne	185	180	185	−5
300	Bramalea	$23	23	23	−⅜
10800	Brascan A	$38½	37½	37½	−⅞
12800	Brkwater	$8⅞	8⅝	8¾	
1000	Brenda M	$14½	14½	14½	
3864	BC ForP	$22¼	22¼	22¼	−½
8840	BC Res	109	105	108	+1
8785	BC Phone	$26	25⅞	25⅞	−⅛
2364	Brunswk	$14¼	13⅞	14	−⅜
88457	CAE	$10⅜	10⅛	10¼	
2100	CCL B f	$13⅝	13⅛	13¼	−⅛
456	CIL	$32⅝	32⅝	32⅝	+⅜
26006	Cad Frv	$32⅝	32½	32½	
18400	Cambridg	$27⅝	27	27⅛	−⅛
77690	Camp Res	315	305	305	
18975	Camp Soup	$20¼	20⅛	20⅛	−⅛
218597	Campeau f	$26¾	25	25½	−1½
3060	CCom ex p	$20⅝	20¼	20¼	−¼
177040	CDC f	$13⅝	13⅛	13⅜	+⅛
700	Can Malt	$24	24	24	−¼
3212	C Nor West	$25½	25	25⅜	+⅞
182024	C Packrs	$15	14⅞	14⅞	−¼
492	CS Pete f	355	355	355	
50	Can Trust	$78	78	78	
503	CG Invest	$50¾	50¾	50¾	
280862	CI Bk Com	$21⅝	21	21⅛	−⅝
5200	C Marconi	$21⅛	21	21	−⅛
2200	C Occdentl	$39⅛	39	39	
276429	CP Ltd	$27⅛	26⅞	27⅛	+⅛
38181	CTire A f	$14¾	14⅝	14¾	+⅛
12920	CUtil A f	$19¼	19	19⅛	+⅛
250	CUtil B	$19⅝	19⅜	19⅜	+⅛
22580	Canfor	$33⅞	33½	33⅞	+¼
8400	Cara	$12⅝	12½	12⅝	+⅛
7400	Cara A f	$12	12	12	
195470	Carma A	33	31	33	+2
300	Celanese	$22	22	22	
17150	CentFd A	$8½	8¼	8¼	−⅛
200	Centrl Tr	$22⅞	22⅞	22⅞	
58072	Cominco	$21⅞	21⅛	21⅛	−⅜
7700	Computlog	$7¾	7¾	7¾	
600	Comput In	290	285	285	−10
100	Comterm	71	71	71	
10002	Con Bath A	$20	19⅞	20	+⅛
8500	CDistb B f	440	440	440	
3300	Cons Gas	$24	23½	23½	−½
2500	CTL Bank	320	320	320	
14014	Conwest B	$14½	14¼	14⅜	+⅛
3000	Costain Ltd	$10⅞	10⅞	10⅞	+⅛
8300	Coseka R	95	95	95	+2
1350	Crownx	$17¾	17½	17½	−½
5550	Crownx A f	$8⅝	8½	8½	−⅛
4800	Czar Res	208	203	203	−5
850	Denison A p	$7⅝	7⅝	7⅝	
12216	Denison B f	$6¾	6¾	6¾	
2800	Develcon	375	370	375	+5
7200	Dicknsn A f	$13	12⅞	12⅞	−⅛
3370	Dicknsn B	$16¼	16	16¼	+¼
132498	Dofasco	$27¾	27⅛	27½	−⅜
496050	Dome Pete	115	113	113	
39	D Textile	$19¾	19¾	19¾	
41232	Domtar	$20⅝	20⅛	20⅛	−⅛
116900	Dylex A	$13¾	13⅝	13⅝	−¼
100	E-L Fin	$66	66	66	
84265	Echo Bay	$38	37⅛	38	+¾
1200	Emco	$14⅝	14⅝	14⅝	−⅛
77000	FCA Intl	$14¼	13¾	14¼	+⅝
60378	Fcnbrdg	$28⅛	28¼	28¾	−⅜
7796	Fed Ind A	$16¾	16½	16½	−¼
10100	Fed Pion	$13	12¾	12¾	+⅛
300	FCity Fin	$18¾	18⅝	18⅝	−½
3550	Gandalf	$8¾	8½	8¾	+⅛
38100	Geac Comp	250	238	240	+5
368	Gendis A	$17⅝	17⅝	17⅝	−¼
5975	Giant Yk	$30½	30¼	30¼	−¼
1000	Gibraltar	$12	12	12	−⅛
58505	Goldcorp f	$10	9¾	9¾	−⅛
200	Grafton A f	$14¼	14¼	14¼	
2015	Gt. Forest	$53¾	53¼	53¾	−¼
2135	Greyhnd	$25	25	25	
600	Hawker	$29	29	29	−¼
4804	Hayes D	$11½	11¼	11¼	
15150	Hees Intl	$24⅞	24⅝	24⅞	+⅛
3149	H BayMn s	$12¼	12	12¼	+¼
310	H Bay Co	$23¾	23¾	23¾	
32730	Imasco	$34½	34	34	−½
16858	Imp Oil A	$73⅛	72¼	72½	−½
113076	Inco	$28¾	28¼	28⅜	−⅛
18100	Indal	$12¼	12	12	−⅜
1200	Inland Gas	$13⅛	13⅛	13⅛	−⅛
12500	Innopac	$12⅝	12⅛	12⅛	−¼
58450	Inter City	$18¼	18	18⅛	
39700	Intl Thom	$14⅝	14⅝	14⅝	−⅛
2549	Inpr Pipe	$50⅝	49¾	50⅝	−⅛
81336	Ipsco	$12⅝	12¼	12⅝	+⅜
3500	Ivaco A f	$16	16	16	
4300	Jannock	$24	23½	23⅝	−⅜
1310	Kerr Add	$28½	28⅛	28⅛	−¼
100	Kiena Gld	$19¾	19¾	19¾	+¼
5380	Labatt	$26⅛	25½	25¾	−⅛
86859	LL Lac	$16⅝	16⅛	16⅛	−⅛
7800	Lacana	$20¼	20¼	20¼	+¼
81450	Laidlaw A	$21⅝	20¾	21	−¾
130001	Laidlw B f	$20⅝	20⅛	20¼	−¼
13467	Leigh Inst	$6	5⅞	6	
28500	Loblaw Co	$13¾	13½	13¾	+¼
12550	Lumonics	$8⅞	8¾	8⅞	−⅛
900	MICC	$14⅝	14⅝	14⅝	−⅛
200	MBR Ex	335	335	335	−25
95800	Mclan H X	$22¾	22½	22¾	−¼
20500	Mcln HY f	$21½	21¼	21½	−1
5503	Macmilan	$26¼	26⅛	26⅛	
26470	Magna A f	$23	22¾	22¾	+⅛
4615	Maritime f	$15⅛	15	15	−¼
300	Mc Intyre	$58¾	58¾	58¾	−¾
5135	Mnrl Res	420	415	415	−20
8405	Mitel Corp	$5½	5⅜	5⅜	−⅛
3286	Molson A f	$24¾	24	24	−¾
328	Moneco A f	485	485	485	−30
27400	M Trusco	$16½	16⅜	16⅜	+⅜
134978	Moore	$33	32¾	32⅞	
38408	Nat Bk Can	$14	13¾	13⅞	−⅛
678	Nt Vg Trco	$22⅝	22½	22⅝	+⅛
4700	Nfl CapA f	$10½	10¼	10¼	
1300	Nfld LP A	$19⅛	19	19	
111884	Noranda	$34¼	33¾	33⅞	−⅛
238180	Norcen	$24⅝	24	24⅛	−⅜
28561	Norcn ord f	$20¾	20½	20⅝	−⅛
163709	NC Oils	$21½	21¼	21⅜	+⅛
144341	Nor Tel	$29⅛	28⅛	28¾	+½
6500	Northgat	$10⅛	10	10	−⅛
10200	Nowsco W	$21⅛	21	21	
100052	Nu West	44	40	44	+1
5620	Numac	$11½	11½	11½	
7200	Oakwood	395	370	370	−20
7400	Oakwd A f	220	205	205	−10
800	Ocelot B f	$5⅞	5¾	5¾	−⅛
1117	Omega Hyd	$8⅛	8	8⅛	−⅛
3035	Oshawa A f	$22½	22⅛	22⅛	−¼
28047	PacW Airl	$24	23⅜	23⅜	−¾
18200	Pgurin A f	$10⅝	10½	10½	−¼
800	Pamour	$14⅞	14⅞	14⅞	−⅛
500	PanCan P	$30¾	30¾	30¾	−½
18800	Pegasus	$29½	29⅛	29⅛	−¼
400	Pembina	$19¼	19¼	19¼	−¼
9772	PJewl A f	$13½	13⅜	13½	+¼
226550	Poco Pet	$20⅛	19¾	19⅞	−⅛
38500	Powr Cor f	$16½	16⅛	16¼	−¼
600	Precamb	330	330	330	+5
6200	Provigo	$10⅝	10⅜	10⅜	−⅛
2000	Que Sturg	$6½	6⅜	6½	−⅛
800	Que Tel	$13½	13½	13½	
29800	Ranger	$7⅝	7½	7½	−⅜
14045	Rayrock f	$11¼	11	11	−⅜
10350	Redpath	$11⅜	10¾	11	−⅜
4500	Regionl R	360	350	350	+15
23403	Renisance	$30½	30	30¼	
51787	Repap f	$19	18½	18⅝	−⅜
4180	Rio Algom	$22⅝	22¼	22¼	
1000	Rogers A	$25¼	25¼	25¼	−¼
3900	Rogers B f	$25¼	25⅛	25¼	
833	Roman	$15½	15½	15½	
103080	Royal Bnk	$32¾	32⅛	32¼	−½
6734	RyTrco A	$15⅞	15¼	15⅝	−¼
7535	Royex	$5½	5⅜	5⅜	
5700	SHL Syst	$30¼	29¾	30	+¼
2800	StL CemA f	$31⅜	31	31⅜	+⅜
18150	Sceptre	$5	495	495	
900	Scot Paper	$19⅛	19	19	
2250	Scotts f	$13⅝	13⅝	13⅝	−¼
3300	Scotts C	$14¼	14	14	−⅜
75850	Seagram	$99	97½	98⅜	+⅝
13991	Sears Can	$11¾	11½	11⅝	+⅛
16520	Selkirk A f	$23¼	23	23	
5782	Shell Can	$44⅝	44	44½	+⅛
3098	Sherritt	$6¼	6⅛	6⅛	−¼
2800	Southm	$23	22⅞	22⅞	−⅛
4400	Spar Aero f	$19¾	19½	19¾	+⅛
600	Steinbg A f	$37½	37	37	−1⅛
49863	Stelco A	$25¾	25	25	−¾
38840	Teck B f	$33½	33¼	33¼	
3200	Terra Mn	195	190	195	
6590	Texaco Can	$34⅝	34⅛	34⅜	−⅛
16936	Thom N A	$31	30½	30½	−⅜
87586	Tor Dm Bk	$32¾	32¼	32⅜	−⅛
100	Tor Sun	$22¾	22¾	22¾	
3950	Torstar B f	$32¾	32¼	32¼	−¼
1500	Total Pet	$25½	25	25	−¼
300	Trns Mt	$15¾	15¾	15¾	
66229	TrnAlta UA	$27⅜	27⅛	27⅜	+⅜
20770	TrCan PL	$17¾	17½	17¾	
32588	Trilon A	$18	17½	17¾	−¾
6213	Trimac	465	465	465	−10
1300	Trizec A f	$31½	31½	31½	
400	Trizec B	$33½	33½	33½	
15650	Ulster P	310	300	310	+5
200	Un Carbid	$16¼	16¼	16¼	−⅛
3491	U Entprise	$10½	10½	10½	
330	U Canso	100	100	100	−7
1804	Un Corp	$48	48	48	−2
10400	Vulcan Ind	280	277	280	+2
42323	Wajax A	$16	15½	16	+¼
13162	Wcoast T	$16½	16¼	16⅜	+⅛
2915	Westmin	$11¼	11¼	11¼	−⅛
3280	Weston	$42	41½	42	+⅜
4056	Woodwd A	$6⅝	6⅝	6⅝	

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices September 22

Sales	Stock	High	Low	Close	Chng
45972	Bank Mont	$31⅞	31½	31⅝	−⅛
1450	BombrdrA	$11⅞	11⅝	11⅝	−⅝
49551	BombrdrB	$11¾	11¼	11½	
1650	CB Pak	$18⅞	18⅝	18¾	
37619	Cascades	$10⅞	09⅞	09⅞	−¼
1000	CIL	$32¾	32¾	32¾	+⅜
6950	ConBath	$20⅛	19⅞	20⅛	+⅛
1327	DomTxtA	$19⅞	19¾	19¾	−¼
4050	MntTrst	$16½	16⅜	16½	+½
102395	NatBk Cda	$14	13¾	13⅞	−⅛
12500	Noverco	$11⅞	11¾	11⅞	+⅛
41915	Power Corp	$16⅜	16⅛	16⅜	+⅛
8579	Provigo	$10½	10⅜	10½	
13700	Repap Entr	$19	18½	19	
300	RollandA	$13	13	13	−½
33199	Royal Bank	$32⅝	32⅛	32⅜	−⅛
8725	SteinbrgA	$38⅝	37	38	−⅝
7884	Videotron	$14⅜	14¼	14⅜	+¼

Indices

NEW YORK-DOW JONES

	Sept 22	Sept 21	Sept 18	Sept 17	Sept 16	Sept 15	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,568.05	2,492.82	2524.64	2,527.90	2,530.19	2,566.58	2722.42 (25/8/87)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Transport	1,013.83	1,005.88	1013.83	1,021.47	1,024.76	1,033.40	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	188.44	193.18	194.17	195.28	195.71	197.25	227.83 (22/1/87)	181.39 (20/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	—	188.20m	188.87	158.81m	185.74m	138.24m	—	—	—	—

	Sept 18	Sept 11	August 28	Year Ago (Approx)
Ind Div Yield %	2.73	2.83	2.58	3.88

STANDARD AND POORS

	Sept 22	Sept 21	Sept 18	Sept 17	Sept 16	Sept 15	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	373.14	362.36	368.84	368.86	367.94	371.56	383.17 (25/8)	274.58 (2/1/87)	383.17 (25/8)	3.62 (21/6/32)
Composite	318.50	310.54	314.86	314.93	314.86	317.74	336.77 (25/8)	246.45 (2/1/87)	336.77 (25/8)	4.40 (1/6/32)

	Sept 16	Sept 9	Sept 2	Year Ago (Approx)
Ind div yield %	2.38	2.38	2.38	3.18
Ind. P/E Ratio	22.71	22.64	23.23	16.58
Long Gov Bond Yield	9.65	9.61	9.25	8.61

N.Y.S.E. ALL COMMON

Sept 22	Sept 21	Sept 18	Sept 17	1987 High	1987 Low
176.48	174.25	176.38	176.48	187.89 (25/8)	141.81 (21/1)

RISES AND FALLS

	Sept 21	Sept 18	Sept 17
Issues traded	1,992	1,984	1,975
Rises	489	677	680
Falls	1,048	879	818
Unchanged	425	438	477

TORONTO

	Sept 22	Sept 21	Sept 18	Sept 17	1987 High	1987 Low
Metals & Minls	3,312.8	3,291.7	3315.4	3,246.1	3,483.6 (4/8/87)	1,988.2 (2/1/86)
Composite	3,881.9	3,885.5	3912.5	3,901.9	4,112.9 (13/8)	3,867.8 (2/1/86)
MONTREAL Portfolio	1,939.39	1,927.80	1941.41	1,932.84	2,224.77 (16/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	Sep. 22	Sep. 21	Sep. 18	Sep. 17	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2291.8	2305.9	2305.5	2284.0	2305.9 (21/9)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1451.3	1462.4	1451.2	1431.1	1462.4 (21/9)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	232.19	229.12	223.10	219.48	232.19 (22/9)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5103.04	5113.69	5114.57	5120.34	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	208.27	206.75	204.9	219.76 (27/8)	189.64 (6/1)
FINLAND						
Unitas General (1975)	647.4	650.6	650.2	648.4	650.6 (21/9)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	422.1	426.8	429.20	425.8	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	109.7	110.2	111.6	111.0	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	638.39	639.67	640.2	646.13	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1963.6	1968.3	1973.1	1986.4	2061.10 (17/8)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3695.53	3667.95	3649.96	3571.36	3695.53 (22/9)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	620.02	614.47	615.53	613.50	767.34 (30/4)	588.83 (15/9)
JAPAN**						
Nikkei (16/5/49)	24866.1	24912.4	24844.84	24855.3	26118.42 (1/9)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2039.80	2038.79	2044.67	2051.2	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	(u)	(u)	(u)	310.1	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	(u)	(u)	(u)	257.9	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	587.90	592.04	584.44	573.64	592.04 (21/9)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1366.04	1358.07	1393.34	1414.60	1505.40 (26/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2243.0	2278.0	2266.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2205.0	2203.0	2210.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	310.86	317.01	317.05	321.26	321.26 (17/9)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3079.70	3105.10	3079.70	3094.90	3134.30 (14/9)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	706.0	706.5	703.2	701.8	706.5 (21/9)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	474.4	477.9	476.9	495.90 (27/8)	361.3 (2/1)

**Saturday September 19: Japan Nikkei (c), TSE (c)

Base values of all Indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Newmont Mng	17,402,800	97	+3
Marion Labs	2,359,800	29⅞	−⅞
Phillips Pete	2,332,200	18⅛	+⅛
IBM	2,048,300	152⅝	+2⅝
Upjohn	1,810,600	42	−1½
AT & T	1,728,700	33⅛	+⅛
National Service	1,416,400	18	+⅞
Gap Inc	1,343,200	37⅛	+1
USX Corp	1,244,800	36½	+1⅛
General Electri	1,167,100	61⅛	+1⅝

LONDON — Most Active Stocks
Tuesday, September 22, 1987

	Stocks Traded	Closing Price	Change on Day
Pearson	38.00m	917	+104½
Storehouse	16.00m	383	−1
BP	10.00m	372½	−1
Plessey	9.00m	210	unch
Cable & Wire	8.90m	477	+8
Brit Gas	7.50m	177½	+½
Dee Corp	7.60m	285	−2
Hanson Trust	7.60m	182½	−½
Brit Telecom	7.40m	288	−3½
Midland Bank	7.20m	560	+25

TOKYO — Most Active Stocks
Tuesday, September 22, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Steel	285.80m	428	+23
Sumitomo Metal	134.37m	321	+28
Nippon Kokan	122.44m	363	+13
Kawasaki Steel	90.80m	338	+12
Mitsubishi Heavy Ind	78.41m	692	+17
Kobe Steel	45.12m	331	+12
Toshiba	27.83m	758	+24
Nisshin Steel	24.87m	633	+18
Hitachi Ltd	16.72m	1,378	+50
Toray	14.09m	907	−1

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

Atkins Br (Hos.)	410	+25
Cable & Wireless	477	+8
Christies Intl	713	+29
Hillsdown	335	+9
ICI	£16¹⁄₁₆	+⁷⁄₁₆
Joseph (Leopold)	563	+16
Kleinwort Benson	554	+24
Lloyds Bank	375	+27
Midland Bank	560	+25
NatWest Bank	743	+20
Norcos	440	+15
Oriflame	275	+25
Pearson	917	+104½
Scantronic	192	+17
Strong & Fisher	314	+13
United Packaging	225	+13

FALLS:

Treas 2½pc IL 2024	£76⅝	−⅜₂
Bemrose	328	−16
Boots	305	−11
Kwik-Fit	220	−10
Saatchi & Saatchi	584	−14
Unigate	383	−9
Vickers	219	−6

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38½	21	AAR s	.50	1.3	25	60	37¾	37	37½	−¼
52	23¾	ADT	.92	1.8	29	18	51⅞	51¾	51¾	
31¼	16¾	AFG s	.16	.6	10	146	28⅛	27⅝	27⅞	−⅜
22⅝	8½	AGS s			20	359	21¼	20½	21⅛	+⅜
10½	6¾	AMCA				32	9⅝	9⅜	9⅝	+¼
9⅝	4⅞	AM Intl				525	7⅝	7⅜	7⅜	
65½	50½	AMR			12	3365	55⅜	54¼	55⅜	+¾
27½	24⅞	ANR pf2.67		10.		3	25⅝	25½	25½	
12¼	8¼	ARX s			11	626	11⅜	11⅛	11⅛	−¼
73½	34⅜	ASA	2a	3.2		1319	62⅞	61	61⅞	−1
20⅛	9¾	AVX			39	649	19⅞	19	19⅝	+⅜
67	41⅛	AbtLab	1	1.7	23	6975	60⅛	57⅞	59⅝	+1½
28	24⅛	Abitibi g				175	24	d23⅝	23⅝	−½
16¾	9¾	AcmeC	.40	3.0	14	89	13½	13	13⅜	+¼
10½	6⅛	AcmeE	.32b	3.5	57	4	9⅛	9	9⅛	+⅛
23⅞	19	AdaEx	3.42e	16.		74	21⅞	21⅝	21⅝	−⅛
19½	10	AdmM s	.24	2.1	9	243	11⅝	11⅜	11½	+⅛
28⅞	12⅛	AdvSys	.62t	2.3	17	95	26⅞	26	26½	−⅝
24½	12⅞	AMD				5058	21¼	20⅛	21¼	+1
56⅝	47	AMD pf	3	5.8		491	52	51¼	52	+⅝
11⅞	5¼	Adobe				66	9¼	8⅝	9¼	+¾
20½	14¾	Adob pf	1.84	9.7		3	18⅞	18⅞	18⅞	−⅛
21⅞	17	Adob pf	2.40	12.		9	21	20¾	20¾	−½
15	10⅜	Advest	.12a	1.1	9	933	11½	11	11⅛	+⅛

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28⅞	15⅞	PayCsh	.16	.9	15	648	18¼	17½	17¾	−⅝
59½	48⅝	PenCen	.05	.1		378	51¾	50½	50½	−1
66	34½	Penney	s1.48	2.8	15	13392	54¼	52½	53¾	+1¼
41⅞	33½	PaPL	2.68	7.5	11	838	35⅝	34⅞	35⅝	+⅝
54	48	PaPL	pf4.50	9.1		z220	50	49½	49½	−½
104	86	PaPL	pf8.60	10.		z10	1087	86	86	
101	84	PaPL	pr8.40	10.		z400	84	84	84	
107	100⅛	PaPL	pf9.24	8.9		z400	103½	102½	103½	+1
98¾	81¼	PaPL	pr 8	9.6		z300	83	83	83	+½
68¼	44	Pennwlt	2.40	3.9	16	129	61⅞	61¼	61⅝	−¼
39½	27	Penw	pr1.60	4.4		1	36	36	36	
95	57¾	Pennzol	2.20	3.1	46	796	70⅝	69⅝	70⅝	+1⅝
26¾	18½	PeopEn	1.44	7.4	11	332	19⅝	19⅛	19⅝	+½
18⅞	12½	PepBy	s .08	.5	30	1236	18	17	17⅝	−⅜
42¼	25¼	PepsiCo	.58	1.7	20	7642	39¾	37½	39⅝	+1⅞
13⅛	10⅛	PerkF	n1.15e	9.9	25	58	11⅝	11⅜	11⅝	+⅛
41⅛	25	PerkEl	.60	1.7		1386	35	34¼	35	+½
6⅛	5½	Prmian	.43e	6.3	11	333	7	6⅞	6⅞	
10¼	8⅝	PrLP	pr1.15	12.		289	9⅞	9⅝	9¾	
15⅜	9½	PeryDr	.22	2.2		138	10¼	10	10⅛	
40	25¾	Petrie	.70	2.0	23	1111	35½	34⅝	35⅜	+⅜
21¼	17½	PtPar	n 2	9.6		109	20⅞	20⅝	20¾	+⅛
33½	28⅜	PetRs	2.57e	8.8		114	29¼	29	29⅛	+⅛
20	15¾	PetRs	pf1.57	9.7		51	16¼	16⅛	16⅛	−⅛
2¼	1	PtrInv	.12e	7.4		40	1⅝	1⅝	1⅝	
77	56¼	Pfizer	1.60	2.6	17	5782	69¼	68⅛	69⅛	+¾
54	17⅝	PhelpD			35	5670	53⅜	51½	53⅜	+⅝
71½	51	PhlpD	pf 3	4.3		1111	70⅜	69⅛	70	−⅜
26	19⅛	PhilaEl	2.20	11.	6	3697	20⅝	20	20⅜	+⅜
45½	36	PhE	pfA3.80	8.6		z100	44	43	44	
49⅞	39¼	PhE	pfB4.30	10.		z50	41	41	41	
49	40¾	PhE	pfC4.40	11.		z50	41	41	41	

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

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FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Nervous mood fails to stall record rally

WALL STREET

A RENEWED attempt at a rally by Wall Street stocks began nervously yesterday morning, faltered midway, and then finished in spectacular style with the largest ever gain in points on the Dow Jones industrial average, *writes Gordon Cramb in New York*.

The Dow closed 75.23 higher at 2,568.05, in large measure offsetting a five-day fall of 120.22. Gains were widespread, numbering 1,055 on the *big board against 554 declines*. The NYSE composite index, reflecting all of these, rose 4.23 to 178.48 in volume of some *209.5m shares, up* from 170.1m.

The dollar firmed, and both equity and credit markets were able to shake off an edgy note injected by the Gulf conflict. Traders were taking the view that the oscillations of the past fortnight had for the moment completed the orthodox testing of recent lows, allowing room for upward movement.

Newmont Mining was the centre of stock market attention as Consolidated Gold Fields of the UK moved to mop up whatever stock was available. While the intentions of *Mr Boone Pickens's Ivanhoe Partners* remained less than entirely clear, an order imbalance halted trading just before midday after the shares had run up $5.

Massive blocks changed hands, including one of 5m units and another of 1m, both at the day's $99 peak. After the lunchtime resumption of trading, the pace abated and Newmont closed $1⅝ higher at $95⅝.

Ivanhoe, apart from issuing writs alleging that Newmont's share manoeuvres on Monday constituted a block-out, modified the terms of its bid for Newmont to $72 cash a share ex its proposed $33 cash dividend. *The 90 per cent owned* Newmont Gold moved up $2¼ to $42½.

An attempt at recovery was made in the apparel and stores sector, battered in recent days by negative views on the state of consumer demand. The Gap, which has been worst hit with a two-day plunge of *$11¼, improved $⅝ to $37⅞. The* Limited, another stores group more afflicted than most by the downward rating, picked up $2¼ to $37.

Russ Berrie, a gifts marketer, *dropped $⅜ to $39½ and* Consolidated Stores, a discount operator, came down $½ to $5¼.

Among the pharmaceuticals, Upjohn at $42½ shed a further $1⅛ to extend its three-session *slide* to $6⅞. The factor identified as being at play was a poor response in Europe to its Rogaine hair restoring agent, for which much had been hoped. Analysts said this should not be read, however, as too much of a determinant of likely US consumer reaction. *Merck, the sector's recent* favourite, gained $5⅝ to $203⅞.

Energy stocks responded to the heightened Gulf hostilities. Exxon added $2⅞ to $49, Amoco $2⅞ to *$80¾ and Chevron $3⅞ to $53⅞*. Tenneco at $56 added $¼ to Monday's $½ rise – it received a brokerage recommendation last week and now stands close to the 52-week peak of $56½.

Airlines showed USAir $⅝ lower at $45⅛ and Piedmont Aviation a far sharper $4⅛ down at $62½ after a Department of Transportation administrative law judge had said their merger should be rejected. Texas Air, operator of Eastern and other carriers, was up $⅞ to $25¼.

Salomon Brothers rose $⅞ to $31⅛ on reports of an internal shake-out to promote efficiency at the investment bank, and a statement by *Minerals and Resources* that it may sell down its 14 per cent holding.

Credit markets were spurred by the likelihood that the Treasury's *refunding will not be too long delayed*. The Federal Reserve operators provided further assistance to the interbank market with overnight and two-day system repurchases. *Fed funds, at 7⅝ per cent at this* point, came back slightly to trade at 7½.

Three-month bill yields were three basis points easier at 6.65 per *cent while at the 30-year end the 8⅞* bond added 1⅛ to 93⅝ where it was yielding 9.52 per cent.

CANADA

MINING and energy issues depressed Toronto share prices as golds recovered some lost ground and industrials continued to forge ahead.

Lac Minerals added C$⅛ among advancing golds to C$16⅞, while Placer Dome was C$⅛ stronger at C$26⅞ and Echo Bay also C$37⅞.

Montreal and Vancouver both fell slightly.

SOUTH AFRICA

THE SLIGHT improvement in bullion prices led Johannesburg gold stocks modestly higher in light trade.

Vaal Reefs was R7 firmer at R450 and *Buffels* R2.50 up at R77.50. Driefontein, though, dipped 25 cents to R88.75 and Modder was 15 cents easier at R14.85.

Mining financials climbed, Gencor by R1 to R74.50 as it continued to benefit from news of a new gold mine, and Gold Fields of South Africa by R1.25 to R96.25.

De Beers shed 50 cents to R51.50 among other minings, while platinums also lost ground, Implats by R1.50 to R54. Rustenburg was 25 *cents down* at R58.75.

Industrial sector leader Barlow Rand added R1.50 to R28.

Sleepy Athens undergoes a monumental revival

THE SMALL ATHENS stock market hit a record high for the second day running yesterday, pursuing a dizzy climb that has seen share prices more than treble so far this year.

The general index jumped 225.06 to close at 6,124.22, compared with 1,914.36 at the end of last year.

The revival in the Athens bourse, an appropriately marble-columned institution founded in 1876 and situated in the heart of the city, comes after nearly two decades of lethargy.

Mr Christos Theodorides, president of the Athens bourse, said in a recent interview that volume had also expanded greatly. Until two years ago, the level of daily *transactions* involving the 114 listed companies did not exceed Dr7m ($51,000), a fraction of the daily turnover of the Athens central meat and vegetable market one block away.

Last year that figure crept up to Dr25m. Now daily volume reaches Dr200m to Dr250m, "a figure we *know is laughable by London standards* but which is significant if viewed relatively," said Mr Theodorides.

The first signs of the mini-boom appeared at the beginning of the year, but trading and prices took off dramatically in July, with the general share price index registering a *rise of some 29 per cent that month* before prices slackened off in August.

Analysts attribute the surge in activity partly to a degree in May last year which permitted European Community citizens to invest freely in the stock market. Non-EC residents are still excluded. Foreign and local interest has also been attracted by *improved profits for* Greek industry and banking in 1986, combined with EC directives which have made financial statements more detailed and explicit than hitherto.

A senior Bank of Greece official said foreign activity on the Athens bourse so far this year amounted to between *$10m* and $15m. *"What we* believe is happening is that, having exhausted the major foreign bourses, institutional investors are now exploring smaller ones like the *Athens stock market,"* he said.

A financial consultant for an in*ternational* brokerage *firm* explained: "With an average price-to-earnings ration of about one-to-10, Greece is relatively undervalued. The risk is small, so portfolio managers are starting to look at Athens too."

Particular interest has focused on the banking and textile sectors, which have shown excellent profits since Prime Minister Andreas Papandreou's socialist Government in*troduced* a programme of economic stabilisation nearly two years ago.

The authorities admit however that their exhilaration over the July boom was laced with some anxiety over the *weaknesses* it highlighted in the workings of the stock exchange.

The Greek financial press, recalling a crash on the Athens bourse in *1972 and 1973, pointed out* that the July surge in prices carried with it shares of a number of companies whose finances are in a parlous state. "No correctly operating stock exchange should allow trading in the shares of companies which are bankrupt," conceded one official.

The authorities also say they are concerned about the shallowness of the market: with a large proportion of shares still held by business families, a *shortage of scrip generates* disproportionately sharp price rises in response to a moderate increase in demand.

To meet some of these problems, the Government is planning a bill to set up brokerage firms in Greece – *business is currently conducted* through 27 registered individual brokers – as well as an unofficial "over the counter" market and a second bourse in Salonika. There are also plans to computerise trading.

Andriana Ierodiaconou

EUROPE

Softness persists as markets await new leads

TRADE in European equities remained lacklustre as the mild support offered by the slightly stronger dollar was offset by worries over Wall Street's persistent weakness.

Frankfurt was barely changed after a promising early start on the back of the stronger dollar fizzled out for lack of follow-through. Investors were largely sidelined prior to the weekend's monetary talks in *Washington. The Commerzbank* index, measured at midsession, slipped 4.7 to 1,963.6.

Steels were among the softest issues. Mannesmann gave up DM1.30 to DM174.70 after having been looked over at the weekend for a pipeline contract by the Iraqi Government. Hoesch *was DM1.20 down* at DM125.80 and Thyssen slipped 50 pfg to DM132.

Retailers also dipped, with Horten DM2.50 off at DM120.50 and Kar*stadt giving up DM2 to DM578*. Asko, however, pulled back DM28 of Monday's DM81 fall to close at DM865.

Most other sectors were steady. Siemens crept up DM2.30 to DM656.50 and Daimler was DM1 higher at DM1,069 in an otherwise *slightly weaker car sector*. Banks were marginally firmer.

Amsterdam fell in a busy session overhung by Wall Street's poor showing but aided by the dollar's *firmness. The CBS all-share* index fell 1.1 to 100.5.

Blue chips retreated, with Royal Dutch Fl 3.80 off at Fl 254.20, Unilever Fl 13.20 down at Fl 135.50 and Philips 70 cents lower at Fl 150.10. Banks also suffered. NMB lost Fl 3 to Fl 158.50 and said it has merged its two *Paris-based subsidiaries*. ABN fell 70 cents to Fl 46.70.

Elsewhere, publisher Wolters Kluwer closed Fl 2 lower at Fl 134.50 in a spate of foreign selling.

Milan advanced *broadly* in moderate trading led by busy buying of Fiat stock. The MIB index ended 8 higher at 859.

Interest in Fiat was apparently *sparked by a flattering report on the group in an Italian financial daily*. Fiat common added L90 to L10,700, while IFI, the Agnelli family holding company, rose L270 to L23,830.

Paris retreated *on a broad front* on the last day of the accounting month.

Navigation *Mixte* featured among losses with a FFr48 fall to FFr1,130 as it settled back from last week's speculative buying.

Falling blue chips included Peugeot, *down FFr16 at FFr1,620 and* Lafarge, FFr2 off at FFr1,737.

Brussels finished mixed to lower as investors hesitated to resume buying at the opening of a fresh trading account. The cash index fell 10.65 to 5,103.04.

Selected blue chips moved against the grain, notably Solvay with a BFr225 rose to BFr15,300. Fellow chemical UCB moved up BFr25 in its tow to BFr10,600.

Oslo fell from its record levels on profit-taking and the all-share index finished 3.84 off at 438.60. Oils, however, advanced marginally as the crude price held its ground above $18 a barrel. Saga Petroleum, though, *dipped NKr3.50* to NKr142.50.

Madrid fell across the board. The general index lost 7.01 to 310.0.

Stockholm rallied from a mixed opening to firm slightly.

London

UK EQUITIES fought off concern over the Gulf and upward pressures on US interest rates to finish marginally higher, with the FT-SE 100 index up 1.4 at 2,336.2. Its narrower sister index, however, was off 5.5 at 1,831.8.

The best performer was Pearson group, which includes ownership of the Financial Times. It jumped 104½p to 917p after Rupert Murdoch's News Corporation bought 17.5m shares, increasing its stake to 13.5 per cent. Details, Page 42

ASIA

Gulf fears weigh down Nikkei

TOKYO

THE overnight fall on Wall Street and rising tension in the Gulf weighed down Tokyo share prices yesterday, but late buying of large-capitalisation issues helped the market recoup some of its big early *losses, writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average dipped 46.36 to 24,866.06. Volume was 1.28bn shares compared with Monday's 912.10m. Declines outnumbered advances by 524 to 348, with 169 issues unchanged.

The market opened broadly lower as the New York Dow Jones industrial average's dip below 2,500 and the flare-up in the Gulf spread anxiety among investors, sending the Nikkei *down 168 points* in early trading.

Later, however, large-capital stocks turned sharply higher after a weak start, bolstered by strong buying from securities houses.

Nippon Steel topped the active list with 285.88m shares changing *hands* and jumped Y23 to Y420. Sumitomo Metal Industries, the second busiest issue with 134.37m shares traded, ended Y20 higher at a record Y321, while Nippon Kokan, third with 122.44m shares, rose Y13 *to an all-time high of Y363*.

Kawasaki Steel and Mitsubishi Heavy Industries closed Y12 and Y17 higher at record highs of Y338 and Y692, respectively.

The strong interest in steels was sparked by speculation that brokerage houses are set to make strong buy *recommendations* for some issues in the sector. Smaller steelmakers also featured. Yodogawa Steelworks advanced Y30 to Y1,360, while Tokyo Steel soared Y340 to Y3,210.

Heavy electricals also performed strongly, with Toshiba adding Y24 *to Y759, Hitachi Y50 to Y1,370 and* Mitsubishi Electric Y17 to Y882.

Buying interest in high-technology stocks was weak. Sony lost Y20 to Y5,000 and Matsushita Electric Industrial Y10 to Y2,510. But Ricoh gained Y50 to Y1,370 and Fanuc Y140 to Y6,390.

Bond prices extended their losing streak due to uncertainties about the market outlook.

In futures trading, the December contract fell to a new low for the year *in early trading, but turned up* later on dealer's purchases, reaching Y99.19, up Y0.14 from Monday.

On the cash market, however, trading was thin as many investors were awaiting the outcome of negotiations between the Finance Ministry and the bond underwriting syndicate on issue terms for October *long-term government bonds.*

The yield on the benchmark 5.1 per cent government bond, maturing in June 1996, opened at 5.725 per cent, up from Monday's 5.590 per cent, and then turned down to end at 5.680 per cent.

Osaka Securities Exchange (OSE) prices closed *lower for* the fifth consecutive trading session. The 250-issue OSE stock average finished 58.13 points lower at 25,402.78, on an estimated volume *of 177.47m shares*, an increase of 56.67m shares.

HONG KONG

A LATE SPURT of buying lifted Hong Kong sharply in hectic trading with the Hang Seng index finishing at 3,695.53, a gain of 27.58 and its second consecutive record.

The Hong Kong index added 17.48 to 2,438.93 in turnover worth HK$2.8bn.

An initially nervous market was boosted when Hongkong Land, off 5 cents at HK$8.40, reported a 23 per cent rise in half-year profits and a *feared new share issue failed to materialise.*

Utilities did well as a rumour spread that China's Citic planned to *take a stake in China Light, up 80* cents at HK$28.20.

AUSTRALIA

PROFIT-TAKING pushed Sydney share prices lower after their re*cord run over the past week*. Recent industrial stars were worst affected but golds and mining issues also suffered despite an overnight rise in New York gold and oil prices.

The All Ordinaries finished 14.1 lower at 2,291.8 in heavy trading.

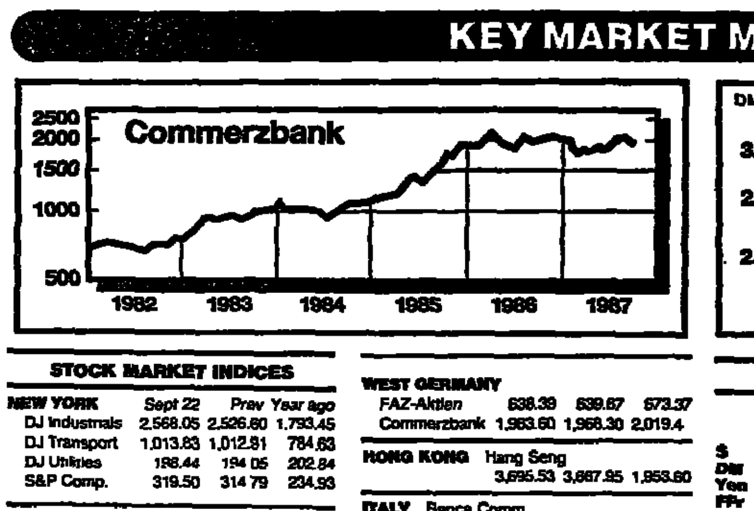
Among banks, Westpac fell 20 *cents to A$6.90 and ANZ lost 6* cents to A$5.78. Building materials group Boral was off 20 cents at A$6.74.

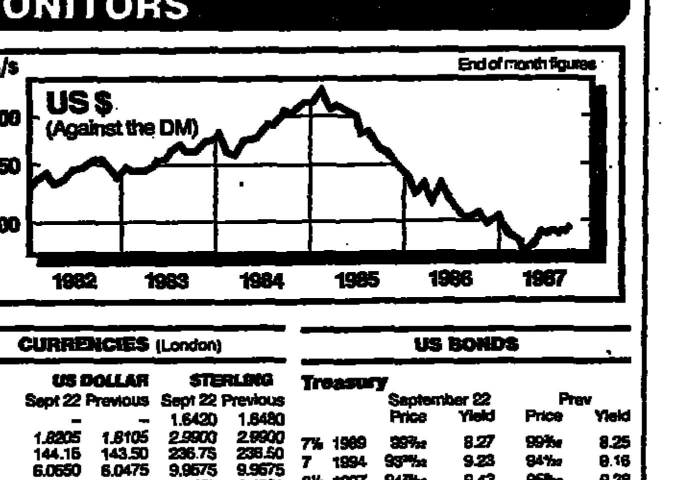
SINGAPORE

A SPARK of life returned to the Singapore market after more than a week in the doldrums as bargain-*hunters, including a few overseas* investors, moved cautiously in.

The Straits Times industrial in*dex picked up 7.97 to 1,366.04 in still* modest turnover of 23.9m shares.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Sept 22	Prev	Year ago
NEW YORK			
DJ Industrials	2,568.05	2,526.60	1,793.45
DJ Transport	1,013.83	1,012.81	784.63
DJ Utilities	196.44	194.05	202.84
S&P Comp.	319.50	314.79	234.93
LONDON FT			
Ord	1,831.8	1,837.3	1,262.2
SE 100	2,336.2	2,334.8	1,610
A All-share	1,190.52	1,190.84	1,617.10
A 500	1,303.33	1,304.95	872.96
Gold mines	447.7	438.3	317.9
A Long gilt	9.78	9.72	10.24
World Act. Ind (Sept 18)	134.70	134.35	95.58
TOKYO			
Nikkei	24,866.06	24,912.42	17,706.3
Tokyo SE	2,039.80	2,038.79	1,458.31
AUSTRALIA			
All Ord.	2,291.6	2,305.9	1,223.8
Metals & Mins.	1,451.3	1,462.4	631.4
AUSTRIA			
Credit Aktien	232.19	229.12	238.32
BELGIAN SE			
SE	5,103.00	5,113.60	3,832.17
CANADA			
Toronto			
Met.& Mins.	3,312.0	3,326.8	2,247.71
Composite	3,891.9	3,911.0	3,019.1
Montreal			
Portfolio	1,939.30	1,943.93	1,519.52
DENMARK SE			
SE	n/a	206.27	197.43
FRANCE			
CAC Gen	422.10	426.60	380.1
Ind. Tendance	109.70	110.2	91.38
WEST GERMANY			
FAZ-Aktien	638.39	639.67	673.37
Commerzbank	1,963.60	1,968.30	2,019.4
HONG KONG Hang Seng	3,695.53	3,667.95	1,953.60
ITALY Banca Comm.	620.02	614.47	741.72
NETHERLANDS ANP CBS			
Gen	n/a	n/a	281.9
Ind	n/a	n/a	283.2
NORWAY Oslo SE	587.90	592.04	372.76
SINGAPORE Straits Times	1,366.00	1,358.07	810.20
SOUTH AFRICA JSE			
Golds	—	2,243.00	1,896.0
Industrials	—	2,205.00	1,385.0
SPAIN Madrid SE	310.86	317.01	192.50
SWEDEN J & P	3,079.70	3,105	2,449.35
SWITZERLAND Swiss Bank Ind	706.00	706.50	543.0

COMMODITIES (London)

	Sept 22	Prev
Silver (spot fixing)	466.25p	445.25p
Copper (cash)	£1,126.50	£1,135.50
Coffee (Sept)	£1,224.00	£1,271.00
Oil (Brent Blend)	$18.49	$18.325

GOLD ($/oz)

	Sept 22	Prev
London	$461.25	$460.25
Zürich	$461.75	$458.85
Paris (fixing)	$461.66	$458.67
Luxembourg	$462.30	$459.10
New York (Dec)	$468.90	$469.30

CURRENCIES (London)

	US DOLLAR Sept 22	US DOLLAR Previous	STERLING Sept 22	STERLING Previous
$	–	–	1.6420	1.6480
DM	1.8205	1.8105	2.9900	2.9900
Yen	144.15	143.50	236.75	236.50
FFr	6.0650	6.0475	9.9575	9.9675
SFr	1.5075	1.5050	2.4750	2.4950
Fl	2.0480	2.0425	3.3625	3.3650
Lira	1,315	1,309	2,159	2,157.25
BFr	37.80	37.80	62.05	61.95
C$	1.3175	1.3145	2.1645	2.1670

INTEREST RATES

Euro-currencies (3-month offered rate)	Sept 22	Prev
£	9¹⁵⁄₁₆	9¹⁵⁄₁₆
SFr	3¹¹⁄₁₆	3¹¹⁄₁₆
DM	4	4
FFr	7¹³⁄₁₆	7¹³⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	7¹¹⁄₁₆	7⅝
6-month US$	8¹⁄₁₆	8
US Fed Funds	7½*	7⅛
US 3-month CDs	7.30*	7.25
US 3-month T-bills	6.495*	6.47

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept 22				
(Dec)	83-01	83-04	82-07	82-21
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.46	93.53	93.44	93.51
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	93.98
LONDON				
Three-month Eurodollar $1m points of 100%				
(Dec)	91.72	91.74	91.67	91.79
20-year Notional Gilt £50,000 32nds of 100%				
(Dec)	116-16	116-15	116-15	116-28

US BONDS

Treasury

	September 22 Price	September 22 Yield	Prev Price	Prev Yield
7¼ 1989	99⅜₂	8.27	99⅝₂	8.25
7 1994	93²⁹⁄₃₂	9.23	94⁄₃₂	9.16
8½ 1997	94²⁷⁄₃₂	9.43	95⅝₂	9.38
8⅞ 2017	93	9.58	93¹¹⁄₃₂	9.55

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1–3	144.03	+0.07	6.37	−0.03
3–5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	September 22 Price	September 22 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	91.75	7.22	91.75	7.22
SCBT South Central 10⅞ Jan 1993	101.25	10.56	101.25	10.56
Phibro Sal 8 April 1996	87.375	10.25	87.375	10.25
TRW 8⅞ March 1996	92.44	10.10	92.44	10.10
Arco 9⅞ March 2016	94.36	10.50	94.36	10.50
General Motors 8⅝ April 2016	78.60	10.50	78.60	10.50
Citicorp 9⅝ March 2016	85.92	11.00	85.92	11.00

Source: Salomon Brothers

* Latest available figures